

2006 Recipient Handbook





OFFICE OF EMERGENCY SERVICES

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INTRODUCTION

This handbook is for agencies that receive grant funds from the Law Enforcement/Victim Services Division (LEVS) of the Governor's Office of Emergency Services (OES). It outlines the terms and conditions required of grant projects and replace the 2004 Recipient Handbook.

This OES *Recipient Handbook* is designed to be downloaded from the OES Website to your computer for easy access and so that hard copies are no longer required on site. Funded projects must administer their grants in accordance with these administrative and fiscal conditions. Failure to comply with these requirements may result in the withholding or disallowance of grant payments, the reduction or termination of the Grant Award and/or the denial of future Grant Awards. All agencies that receive grant funds for programs funded by OES must also comply with the terms of the program as defined by the applicable Program Guidelines, application requests [Request for Proposal (RFP)/Request for Application (RFA)], and applicable statutes. In the event the terms of the program are inconsistent with the provisions of this handbook, the terms of the program shall be interpreted and construed as superseding the provisions of this handbook.

OES may modify and/or impose additional conditions not outlined in this handbook should it deem it appropriate to do so. Modifications or exceptions to these provisions may be made in writing, by the Director or designee, when not conflicting with any other laws.

This handbook is applicable for all grants with a start date of or July 1, 2006, or later.

This *Recipient Handbook* is available online at www.oes.ca.gov. Questions concerning this *Recipient Handbook* may be addressed by contacting your assigned OES Program Specialist, or by contacting Brenda Metzger at (916) 322-9235, or email at Brenda.Mezger@oes.ca.gov.

HOW TO USE THIS HANDBOOK

This interactive handbook is designed to be accessed and downloaded to your computer desktop from the OES Website. As a desktop tool, this interactive handbook has search capabilities unavailable in the hardcopy version. For your convenience, the handbook is also available for download in print friendly versions with both single-sided and duplex printing options. To request a hardcopy of this handbook, contact your assigned OES Program Specialist or contact Brenda Metzger at (916) 322-9235, or at Brenda.Metzger@oes.ca.gov.

Full instructions for downloading and using this handbook interactively are available at www.oes.ca.gov.

This handbook is organized with a numbering system for easy reference. The numbering system provides a specific location for each section of information, and puts that section in context to the rest of the handbook. This allows easy reference to sections in verbal, telephonic or written communications. The following description is an explanation of the numbering system.

- Major chapters of the handbook are numbered with a thousand series number. There are 14 major chapters to this handbook. They are numbered 1000 to 14000.
- Subsections of chapters are numbered with a hundred series number. As an example, there are three major subsections of Section 2000, and they are numbered 2100 to 2300.
- Subdivisions of the hundred series are numbered with ten series numbers. As an example, there are eight major topics under Section 2300, and they are numbered 2310 to 2370.
- Subdivisions of the ten series are numbered with integers. As an example, there are three major sections of 2340, and they are numbered 2341 to 2343.
- Subdivisions of the integer series are numbered with decimals. As an example, there are three topics discussed under Section 2342, and they are numbered 2342.1 to 2342.3.

In some instances, it is necessary to provide lists of information within sections. In those instances the lists may be designated with normal alpha/numeric systems.

REVISED HANDBOOK SECTIONS

Throughout this Handbook the phrase “terms of the program” refers to the applicable, RFP, RFA, Program Guidelines, or other written directives from OES.

The following sections have been revised for the Fiscal Year (FY) 2006-07 *Recipient Handbook*.

1. Section 1300 Grant Award Condition: This section has been renumbered for clarity and contains new language, clarifying the consequences of non compliance with Grant Award Agreement.
2. Section 1311 Responsible Agency: This section has been added to clarify the responsibilities of the Grant Recipient.
3. Section 1320 Supplanting Prohibited: This section now applies to all funded agencies.
4. Section 1400 Fund Availability: This section contains new language for clarification of reimbursable funds.
5. Section 2113 Official Authorized to Sign for Project: This section includes new language clarifying the requirement to sign the Certification of Assurance of Compliance.
6. Section 2115 Additional Signature Authority: This section has been rewritten to clarify the requirements for additional signatories to an Agreement. It is no longer necessary to submit a Grant Award Modification (OES-223 Appendix 07) with the Additional Signature Form (Appendix 04) to submit additional signatories.
7. Section 2150 Certification of Assurance of Compliance: The section has been rewritten for clarity and now exempts state agencies from the requirement for an authorizing signature.
8. Section 2161 Requirement and Exemptions: This section was rewritten to incorporate the provisions of Section 2162.
9. Section 2162 Exemptions: This section was incorporated into Section 2161.
10. Section 2172 Provisions Regarding Allowable Compensation for Personnel: The example (A) in this section has been rewritten for clarification.
11. Section 2223-2224 Rates and Records: These sections were renumbered from 2225 and 2226 for consistency.
12. Section 2232 Facility Rental: This section includes new language clarifying the definition of the term “employee”.
13. Section 2236.2 Travel and Per Diem Policies: This section now incorporates the State Travel Policy previously provided in Appendix J. The mileage rate for a Recipient’s using a privately owned vehicle has been increased from 34¢ pr mile to 44.5¢.
14. Section 2237 Consultant Services: The subsections within this section have been renumbered for consistency.

15. Section 2310 (Equipment) Definition: The cost of items defined as equipment has been raised from \$1,000 to \$5,000 to comply with federal standards. Also, all equipment is now deemed to be the property of the Recipient at the time of acquisition.
16. Section 2360 Title: This section has been deleted because of the changes to Section 2310.
17. Section 2380 Transfer of Property Title: This section has been deleted because of changes in Section 2310.
18. Section 4500 Participating Staff: This is a new section for the purpose of defining and clarifying the term "participating staff".
19. Section 5200 Credits and Disclaimers: Language has been added referring the Recipient to the assigned OES Specialist for coordination of credit references.
20. Section 6100.2 (Notification of Grant Award): This section has been rewritten for clarity.
21. Section 6300 Report Of Expenditures And Request For Funds (OES 201): This section now includes passage of the State Budget as criteria for the submission of the OES 201.
22. Section 6311 Advance Payments: This section reflects changes in procedures for liquidating advance payments.
23. Section 6330.2 (Final Report of Expenditure and Request for Funds): This section has been deleted. OES no longer automatically holds 5% of the Grant.
24. Section 6511 Cash Match: This section contains new language requiring all cash match to be specifically identified by line item in the budget.
25. Section 6570 Reporting: This section has deleted old language concerning the previous practice of deducting match on a percentile basis.
26. Section 6610.5 (Assets Seizures and Forfeitures): Section 6610.5 has been rewritten for clarity and has incorporated Section 6610.6.
27. Section 7223 (Extensions of Grant Periods): This section was renumbered from 7225 to 7223 for consistency.
28. Section 8102 Timely Submittal of Audit Reports: This section has been rewritten for clarity.
29. Sections 8103, 8104, 8105 Audit Plan: These sections have been deleted as Recipients are no longer required to submit an audit plan.
30. Section 8220 Report Distribution: This section now clarifies reporting requirements.
31. Section 8600 Financial Technical Assistance: This deleted section gave a definition of financial technical assistance

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| 32. | Section 8601 | Procedures to Request Technical Assistance: This deleted section gave instructions for requesting financial technical assistance. |
| 33. | Section 9220 | Repayment of Disallowed Costs: This section was deleted and the information incorporated into Section 9210. |
| 34. | Section 10120.1 | Reports for Extended Grants: This section has been modified to allow OES flexibility in requiring additional reports. |
| 35. | Section 10130 | Final Payment: This section has been revised to remove the reference to the 5% hold. |
| 36. | Section 11210 | Retention of Records: This section has been rewritten for clarification. |
| 37. | Section 11331 | Functional Time Sheets: This section has been modified to clarify the requirement for Functional Time Sheets. |
| 38. | Section 11350 | Equipment: OES Property Stickers are no longer required. |
| 39. | Section 13100 | Disposition of Property: This deleted section contained language regarding the disposition of property. |
| 40. | Section 14000 | Glossary of Terms: This section includes a definition for the term "Participating Staff". |
| 41. | Section 14000 | Glossary of Terms: This section includes a definition for the term "Project". |

TABLE OF CONTENTS

INDEX	500
GRANT AWARD	1000
DEFINITION	1100
GRANT AWARD COMPONENTS	1200
GRANT AWARD CONDITIONS	1300
General	1310
Supplanting Prohibited	1320
Grant Award Changes	1330
Terms of the Program	1340
Proof of Authority	1350
FUND AVAILABILITY	1400
FUNDING CATEGORIES AND POLICY	2000
PERSONAL SERVICES - SALARIES/EMPLOYEES BENEFITS	2100
Key Personnel.....	2110
Job Description	2120
Personnel Policies	2130
Conflict of Interest	2140
Certification of Assurance of Compliance (Appendix 3)	2150
Fidelity Bond	2160
Allowable and Non-allowable Costs for Personnel.....	2170
OPERATING EXPENSES	2200
General	2210
Indirect Cost Rate Proposal (ICRP)/Administrative Overhead	2220
Allowable Expense Items	2230
Prohibited Expense Items	2240
EQUIPMENT	2300
Definition	2310
Allowable Equipment	2320
Motorized Vehicles.....	2330
Computers and Automated Equipment	2340
Identification and Records	2350
Losses/Replacements.....	2370
CONTRACTS/PROCUREMENTS	3000
Responsibility	3010
DEFINITIONS	3100
Definition of Contracts.....	3110
Definition of Procurement	3120
APPROVALS (OR APPRAISALS) AND AUTHORITIES	3200
Approval of Contracts	3210
Approval of Procurements	3220
GUIDELINES	3300
METHODS OF CONTRACTING AND/OR PROCUREMENT	3400

Formal Advertising	3410
Informal Advertising	3420
NONCOMPETITIVE BID (NB) REQUESTS	3500
General	3510
Justification Procedure.....	3520
One Bid Received or Considered Responsive	3530
ELEMENTS OF A CONTRACT OR PURCHASE ORDER/DOCUMENT	3600
SELECTING A CONTRACTOR	3700
Independent Contractors	3710
CONTRACT LIMITATIONS.....	3800
CONTRACT PROVISIONS.....	3900
Drug-Free Workplace Certification Requirements.....	3910
 OPERATIONAL AGREEMENTS	 4000
DEFINITION.....	4100
ESTABLISHING OPERATION AGREEMENTS.....	4200
ELEMENTS OF AN OPERATIONAL AGREEMENT	4300
REQUIREMENTS OF PARTICIPATING AGENCIES.....	4400
DEFINITION OF PARTICIPATING STAFF	4500
 MULTI-MEDIA MATERIALS, COPYRIGHTS AND PATENTS	 5000
PUBLICATIONS	5100
Definition	5110
OES Review.....	5120
Income	5130
CREDITS AND DISCLAIMERS.....	5200
COPYRIGHTS AND RIGHTS IN DATA	5300
PATENTS	5400
 FINANCIAL REPORTING	 6000
NOTIFICATION OF GRANT AWARD	6100
ENCUMBRANCES AND LIQUIDATION EXPENDITURES	6200
Definition of an Encumbrance	6210
Liquidation Expenditures.....	6220
REPORT OF EXPENDITURES AND REQUEST FOR FUNDS	6300
(OES 201)	
Monthly Report of Expenditures for Funds.....	6310
Quarterly Report of Expenditures and Request for Funds	6320
Final Report of Expenditures and Request for Funds	6330
Double Billings	6340
ACCOUNTING SYSTEM AND STRUCTURE	6400
Modified Accrual Basis.....	6410
General Ledger Account Structure.....	6420
MATCH REQUIREMENTS	6500
Definitions	6510
Match Categories (Allowable/Nonallowable).....	6520
Required Match.....	6530
Over Match	6540
Calculating the Match	6550
Changing the Type of Match	6560

Reporting	6570
PROJECT AND OTHER INCOME	6600
Project Income	6610
Interest Income	6620
Other Income	6630
CHANGES TO GRANT AWARD	7000
GENERAL	7100
Amending the Grant Award.....	7110
Approval of Amendments.....	7120
Modifying the Grant Award	7130
Approval of Grant Award Modifications	7140
GRANT AWARD EXTENSIONS	7200
Definition	7210
Extensions of Grant Periods	7220
Considerations	7230
Extension Procedures	7240
AUGMENTATIONS.....	7300
Definition	7310
Considerations	7320
Augmentation Procedures	7330
REDUCTION TO GRANT AWARD	7400
Definition	7410
Considerations	7420
Reduction Procedures	7430
BUDGET MODIFICATION.....	7500
Definition	7510
Prior Approval	7520
Budget Modification Procedures	7530
MODIFICATION OF PROJECT OBJECTIVES	7600
Procedures.....	7610
Approval.....	7620
EXTENSION OF LIQUIDATION PERIOD	7700
Definition	7710
Considerations	7720
Procedures.....	7730
AUDITS	8000
AUDIT REQUIREMENTS	8100
Scope of Audit.....	8110
Frequency of Audit.....	8120
Securing Audits.....	8130
Relation to Other Audit Requirements	8140
AUDIT REPORTS.....	8200
Audit Report Content	8210
Report Distribution	8220
Failure to Submit an Audit Report	8230
Access to Audit Documents	8240
Quality Control Review	8250
Right to Perform Audit or Review.....	8260
OES AUDIT PROCESS.....	8300
QUESTIONED/DISALLOWED COSTS IDENTIFIED IN AN AUDIT	8400

INDEPENDENT CPA/AUDITOR REPORT REVIEW PROCESS	8500
DEFINITION OF TERMS	8800
SEPARATION OF DUTIES	8900
General Guidelines	8910
Minimum Requirements	8920
AUDITS RESOLUTION	9000
DISPOSITION OF AUDIT ISSUES	9100
DISALLOWED COSTS	9200
Invoice for Repayment	9210
Sanctions for Non-payment.....	9230
REPORTING PROJECT ACTIVITIES AND ACHIEVEMENTS	10000
PROGRESS REPORTS	10100
Purpose	10110
Submission	10120
Final Payment	10130
PROGRAMMATIC TECHNICAL ASSISTANCE	10200
SITE VISIT	10300
Purpose	10310
Timeframe.....	10320
Follow-up	10330
MONITORING.....	10400
Monitoring Requirements and Access to Records	10410
Standard Monitoring Procedures	10420
Monitoring Report	10430
RECORDS	11000
GENERAL	11100
Audits/Monitoring	11110
RETENTION AND REVIEW REQUIREMENT	11200
Retention	11210
Review	11220
DOCUMENTATION REQUIREMENTS	11300
Fiscal	11310
Programmatic.....	11320
Payroll Records.....	11330
Personnel Files	11340
Equipment.....	11350
ORGANIZATION POLICIES AND PROCEDURES.....	11400
COMMUNICATIONS	11500
WITHHOLDING, DISALLOWANCE, REDUCTION, TERMINATION AND/OR DENIAL OF GRANT FUNDS	12000
WITHHOLDING OR DISALLOWANCE OF GRANT FUNDS.....	12100
REDUCTION OR TERMINATION OF GRANT FUNDS	12200
DENIAL OF FUTURE FUNDING.....	12300
CLOSEOUT	13000
FINAL PROGRESS REPORT	13200

INTERNAL ASSESSMENT/FINAL EVALUATION REPORT.....	13300
FINAL REQUEST FOR REIMBURSEMENT	13400
RETENTION OF RECORDS	13500
AUDITS CLOSEOUT.....	13600
GLOSSARY OF TERMS	14000

Appendices

APPENDIX 01	.....	GRANT AWARD FACE SHEET (OES A301)
APPENDIX 02	.....	PROJECT CONTACT INFORMATION
APPENDIX 03	.....	CERTIFICATION OF ASSURANCE OF COMPLIANCE (OES 656)
APPENDIX 04	.....	ADDITIONAL SIGNATURE
APPENDIX 05	.....	BUDGET PAGES - WITH MATCH (OES A303) (Excel Spreadsheet format)
APPENDIX 06	.....	CERTIFICATION FOR ADVANCE OF GRANT FUNDS (OES 202)
APPENDIX 07	.....	GRANT AWARD MODIFICATION (OES 223)
APPENDIX 08	.....	GRANT AWARD AMENDMENT (OES 513)
APPENDIX 09	.....	REPORT OF EXPENDITURES AND REQUEST FOR FUNDS (OES 201)
APPENDIX 10	.....	SAMPLE FUNCTIONAL TIME SHEET (OES 113)
APPENDIX 11	.....	SAMPLE OPERATIONAL AGREEMENT
APPENDIX 12	.....	NONCOMPETITIVE BID REQUEST CHECKLIST
APPENDIX 13	.....	OUT-OF-STATE TRAVEL REQUEST (OES 700)
APPENDIX 14	.....	EMERGENCY FUND PROCEDURES
APPENDIX 15	.....	CERTIFICATION DISBURSEMENT OF CONF. FUNDS (OES 652)
APPENDIX 16	.....	REQUEST TO SUBMIT QUARTERLY REPORTS (OES 203)
APPENDIX 17	.....	STATEMENT OF INTEREST INCOME (OES 224)
APPENDIX 18	.....	REQUEST FOR FINANCIAL TECHNICAL ASSISTANCE (OES 602)
APPENDIX 19	.....	REQUEST FOR PROGRAMMATIC TECHNICAL ASSISTANCE (OES 651)
APPENDIX 20	.....	STATE AND FEDERAL CIVIL RIGHTS LAWS
APPENDIX 21	.....	EQUAL EMPLOYMENT OPPORTUNITY
APPENDIX 22	.....	HARASSMENT OR DISCRIMINATION POSTER
APPENDIX 23	.....	TRANSFER OF PUBLICATION TITLE (OES 131)
APPENDIX 24	.....	DISCLOSURE OF LOBBYING
APPENDIX 25	.....	LEASE-PURCHASE ANALYSIS
APPENDIX 26	.....	PROJECT INCOME REPORTING (OES 234)
APPENDIX 27	.....	PAST PERFORMANCE POLICY
APPENDIX 28	.....	DRUG-FREE WORKPLACE CERTIFICATION (STD 21)
APPENDIX 29	.....	COMPUTERS & AUTO SYSTEMS PURCHASE JUSTIFICATION

SECTION 500

INDEX

- A -

Access to Audit Documents	8240
Account Entries, General Ledger	11312
Accountability Procedures, Emergency Funds	2235.2
Accounting System and Structure	6400
Accrual Basis, Accounting System and Structure	6400.9
Achievements and Activities, Reporting Projects	10000
Action, Final by OES (Monitoring)	10436
Additional Signature Authority	Appendix 4
Administrative Overhead Positions	2172.1
Advance Payments	6311
Advance of Grant Funds OES 202 – Certification for	Appendix 6
Advertising, Formal, Contracts and Procurement	3410
Allowable Costs for Travel	2236.3
Allowable Equipment	2320
Allowable Expense Items, Operating Expenses	2230
Allowable and Non-allowable Costs for Personnel	2170
Amending the Grant Award	7110
Ammunition and Weapons	2247
Annual Professional Dues or Fees	2248
Appraisals (or Approvals) and Authorities, Contracts and Procurements	3200
Approval, Amendments	7120
Approval, Contracts	3210
Approval, Grant Award Modifications	7140
Approval, Indirect Cost Rates	2222
Approvals (or Appraisals) and Authorities, Contracts and Procurements	3200
Asset Forfeitures	6521
Assistance, Technical Programmatic	10200
Audits	8000
Audit Costs	2234
Audit, Frequency of	8120
Audit, Independent CPA/Auditor Report Review Process	8500
Audit, OES Audit Process	8300
Audit Programs and Internal Control Questionnaires	8602
Audit, Quality Control Review	8250
Audit, Questioned/Disallowed Costs Identified in an Audit	8400
Audit Report Content	8210
Audit Report Distribution	8220
Audit Report, Failure to Submit	8230
Audit Reporting Compliance	8101
Audit Reports	8200
Audit Reports, Timely Submittal	8102
Audit Requirements	8100
Audits Resolution	9000
Audit, Right to Perform or Review	8260
Audit, Scope of	8110
Audits, Closeout	13600
Audits, Definition of Terms	8800
Audits/Monitoring, Records	11110
Audits, Securing	8130

Augmentation Procedures	7330
Augmentations	7300
Authorities, Approvals (or Appraisals), Contracts and Procurements	3200
Authority, Proof of	1350
Authorized Official to Sign for Project	2113
Automated Equipment and Computers	2340
Automated System Purchase: Justification Guidelines	Appendix 29
Automobile, Commercial Rental	2236.32
Automobiles	2331
Award, Sub-Grant	1000
Award, Grant Components	1200
Award, Grant Conditions	1300

– B –

Bank Statements and Reconciliations, Records	11311
Benefits and Salaries/Employee, Personal Services	2100
Benefits, Personal Services/Employee--Time Study Allocation Plan	2173
Beverages and Food	2246
Bond, Fidelity	2160
Bonuses/Commissions	2241
Budget Modification Procedures	7530
Budget Modification	7500
Business Expenses	2236.33

– C –

CPA, Independent Auditor Reports, Review Process	8500
Calculating the Match	6550
Cancelled Checks, Records	11314
Cash Basis, Accounting System and Structure	6400.8
Cash Match	6511
Certification of Assurance of Compliance (OES 656)	2150
Certification, Debarment	2155
Certification, Drug-Free Workplace	2152
Certification, Environmental Impact (CEQA)	2153
Certification, Lobbying	2154
Changes to Grant Award	7000
Changes in Key Personnel	2114
Changing the Type of Match	6560
Changing the Recipient Name	7110
Charges, Interest, Fees, and Penalties	2245
Checks, Cancelled	11314
Civil Rights Compliance – Equal Employment Opportunity	2151
Civil Rights Laws, State and Federal	Appendix 20
Claims, Travel	2236.4
Closeout	13000
Commercial Automobile Rental	2236.32
Commissions/Bonuses	2241
Communication, Records	11500
Community-Based Organization, Travel and Per Diem	2236.22
Compensation Allowable for Personnel	2172
Compliance, Civil Rights--Equal Employment Opportunity	2151
Components, Grant Award	1200

Computer Purchase Justification Guidelines	Appendix 29
Computers and Automated Equipment	2340
Computers, Lease to Purchase Agreements	2343
Conditions, Grant Award	1300
Confidential Expenditures	2231
Confidential Funds OES 652--Disbursement of	Appendix 15
Conflict of Interest	2140
Considerations, Augmentations	7320
Considerations, Extension of the Liquidation Period	7720
Considerations in Grant Award Extensions	7230
Considerations, Reduction in Grant Allocation	7420
Consultant Services	2237
Contract, Definition	3100, 3110
Contracts and Procurements	3000
Contracts and Procurement Awards	3413.1
Contract Provisions	3900
Contracting, Methods of, and/or Procurement	3400
Contractor, Selecting	3700
Contractor, Independent	3710
Contracts, Elements of, or Purchase Order/Document	3600
Contributions, Expenditure of Match, Reporting	6570
Copyrights and Patents, Multi-Media Materials	5000
Copyrights and Rights in Data	5300
Corrective Action Plan Process	10433
Cost, Computers and Automated Equipment	2342
Costs Rates, Indirect (ICR)/Administrative Overhead	2220
Costs for Personnel, Allowable and Non-allowable	2170
Costs, Audit	2234
Costs, Questioned	8400
Credits and Disclaimers, Publications	5200

- D -

Debarment, Certification	2155
Definition, Allowable and Non-allowable Costs for Personnel	2170
Definition, Augmentations	7310
Definition, Budget Modification	7510
Definition, Contracts	3110
Definitions, Contracts and Procurements	3100
Definition, Drug-free Workplace	2152
Definition, Emergency	2235.1
Definition, Encumbrance	6210
Definition, Equipment	2310
Definition, Grant Award	1100
Definition, Grant Award Extensions	7210
Definition, Liquidation Period	7710
Definition, Monitoring	10400.1
Definition, Obligation (Encumbrance)	6210
Definition, Operational Agreement	4100
Definition of Terms, Audits	8800
Definition, Overtime	2171.61
Definition, Procurements	3120
Definition, Publications	5110
Definition, Reduction in Grant Allocation	7410
Denial of Future Funding	12300
Denial, Withholding, Disallowance, Reduction, Termination and/or	12000

Deposit Receipts, Duplicate.....	11313
Depreciation.....	2249
Description, Indirect Cost Rate Proposal	2221
Description, Job, Written.....	2120
Director, Project	2111
Disallowance or Withholding of Grant Funds	12100
Disallowance, Withholding, Reduction, Termination and/or Denial.....	12000
Disallowed Costs, Audit Resolution	9200
Disallowed/Questioned Costs Identified in an Audit.....	8400
Disbursement of Confidential Funds (OES 652)	Appendix 15
Disclaimers and Credits.....	5200
Disclosure of Lobbying Activities	Appendix 24
Disposition of Audit Issues.....	9100
Disputed Findings, Monitoring	10434
Distribution, Audit Report.....	8220
Documentation Requirements, Records	11300
Documenting the Time Study Allocation Plan	2173.2
Documents, Access to Audit.....	8240
Double Billings	6340
Drug-Free Workplace Certification.....	2152
Drug-Free Workplace Certification Requirements, Contracts	3910
Dues, Annual Professional.....	2248
Dues, Membership.....	2248
Duplicate Deposit Receipts, Records	11313

- E -

Elements of a Contract or Purchase Order/Document.....	3600
Elements of an Operational Agreement.....	4300
Emergency Defined	2235.1
Emergency Fund Procedures	Appendix 14
Emergency Funds.....	2235
Employees, Federal and State.....	2175
Employment, Equal Opportunity--Civil Rights Compliance	2151
Encumbrances, Definition	6210
Encumbrances and Liquidation Expenditures.....	6200
Environmental Impact, Certification	2153
Equal Employment Opportunity--Civil Rights Compliance	2151
Equal Employment Opportunity Policy Statement Sample	Appendix 21
Equipment.....	2300
Equipment, Allowable	2320
Equipment, Computer and Automated.....	2340
Equipment, Definition.....	2310
Equipment, Depreciation.....	2249
Equipment, Identification and Records	2350
Equipment, Losses/Replacements	2370
Equipment, Records	11350
Equipment, Rented or Leased	2233
Establishing Operational Agreements.....	4200
Exception to Regular Consultant Services Rates	3710.11
Expenditures Report of and Request for Funds OES 201	Appendix 9
Expenditures, Confidential.....	2231
Expense Items Prohibited.....	2240
Expenses, Allowable, Operating	2230
Expenses, Business.....	2236.33

Expenses, Operating	2200
Expert Witness Fees.....	3710.2
Extension Procedures.....	7240
Extension of Liquidation Period	7700
Extensions of Grant Periods	7220
Extensions, Grant Award	7200

- F -

Facility Rental	2232
Failure to Submit an Audit Report.....	8230
Federal and State Employees, Personnel Costs	2175
Fees, Annual Professional Dues or	2248
Fees, Charges, Interest and Penalties.....	2245
Fees, Expert Witness.....	2237.3
Fidelity Bond	2160
Files, Personnel	11340
Final Action by OES, Monitoring	10436
Final Payment, Progress Report	10130
Final Progress Report.....	13200
Final Report of Expenditures and Request for Funds	6330
Final Request for Reimbursement	13400
Final Sanctions, Monitoring.....	10435
Financial Officer	2112
Financial Reporting.....	6000
Financial Technical Assistance OES 602--Request for.....	Appendix 18
Findings, Disputed, Monitoring	10432
Fiscal, Records	11310
Follow-up, Site Visit	10330
Food and Beverages	2246
Forfeitures, Asset, as Match	6521
Formal Advertising, Contracts and Procurement	3410
Frequency of Audit.....	8120
Sample Functional Time Sheet OES 113	Appendix 10
Fund Availability.....	1400
Funding Categories and Policy	2000
Funding, Denial of Future Funding	12300
Fundraising	2243
Funds, Emergency.....	2235
Funds, Request for and Report of Expenditures OES 201	Appendix 9
Future Funding, Denial of	12300

- G -

General Ledger Account Entries.....	11312
General Ledger Account Structure	6420
Government, Travel and Per Diem, Policy.....	2236.2
Grant Award, Reduction.....	7400
Grant Award, Changes to	7000
Grant Award.....	1000
Grant Award Amendment (OES 513).....	Appendix 8
Grant Award Components	1200
Grant Award Conditions.....	1300

Grant Award Conditions, General	1310
Grant Award Extensions	7200
Grant Award Modification (OES 223).....	Appendix 7
Grant Award Notification	6100
Grant Funds, Withholding, Disallowance, Reduction, Termination and/or Denial	12000
Grant Funds, Withholding or Disallowance of	12100
Guidelines, Contracts and Procurements	3300

– H –

"Harassment or Discrimination in Employment is Prohibited by Law" Poster.....	Appendix 22
--	-------------

– I –

Identification and Records, Equipment	2350
Improvements and Real Property	2244
In-Kind Match.....	6512
Independent Contractor	3710
Independent CPA/Auditor Report Review Process	8500
Indirect Cost Rate Proposal (ICRP)/Administrative Overhead	2220
Informal Advertising, Contracts and Procurement	3420
Internet Access, Funding Categories and Policies.....	2340.1
Interest Income OES 224--Statement of	Appendix 17
Interest Income	6620
Interest, Conflict of	2140
Interest, Charges, Fees and Penalty Payments.....	2245
Internal Assessment/Final Evaluation Report	13300
Internal Control and Audit Programs, Questionnaires.....	8602
Introduction	i
Invitation for Bid, Contracts.....	3411.1
Invitation for Bid, Contracts and Procurement	3411
Invitation for Bid, Goods.....	3411.2
Invoice for Repayment, Audit Resolution	9210

– J –

Job Description, Written.....	2120
Justification, Computers and Automated Equipment	2341
Justification Procedure, Non Bid, Contracts.....	3521
Justification Procedure Noncompetitive Bid, Contracts and Procurement	3520
Justification Procedure, Noncompetitive Bid, Procurement	3522

– K –

Key Personnel, Changes	2114
Key Personnel	2110

Lease to Purchase Agreement	2343
Lease/Purchase Analysis.....	Appendix 25
Leased or Rented Equipment	2233
Ledger, General Account Entries.....	11312
Ledger, General, Account Structure	6420
License, Professional.....	2248
Limitations, Contract	3800
Liquidation Expenditures.....	6220
Liquidation Period, Consideration of Extension	7720
Liquidation Period, Definition	7710
Liquidation Period, Extension of	7700
Liquidation Period, Procedures for Extension	7730
Lobbying, Certification	2154
Lobbying	2242
Losses, Equipment	2370

– M –

Maintenance and Retention of Records.....	11000
Match Categories (Allowable/Nonallowable).....	6520
Match Requirements.....	6500
Match on Percent of Funds Allocated	6550.2
Match on Total Project Cost.....	6550.1
Match, Calculating	6550
Match, Cash.....	6511
Match, Changing the Type.....	6560
Match, In-Kind.....	6512
Match, Over	6540
Match, Reporting	6570
Match, Required	6530
Matching State Funds with State Funds	6522
Membership Dues.....	2248
Methods of Contracting and/or Procurement	3400
Modification Grant Award, OES 223	Appendix 7
Modification of Project Objectives.....	7600
Modification, Budget	7500
Modified Accrual Basis, Accounting System	6410
Modifying the Grant Award	7130
Monitoring	10400
Monitoring/Audits	11110
Monitoring, Disputed Findings	10434
Monitoring Field Document.....	10422
Monitoring, Final Action by OES	10436
Monitoring, Final Sanctions.....	10435
Monitoring Procedures, Standard	10420
Monitoring Report	10430
Monthly Report of Expenditures and Request for Funds	6312
Moving Expenses	2232.2
Motorized Vehicles	2330
Multi-Media Materials, Copyrights and Patents.....	5000

– N –

New Line Item, Operating Expenses	2210
---	------

Non-allowable and Allowable Costs for Personnel	2170
Noncompetitive Bid (NB) Requests	3500
Noncompetitive Bid (NB) Requests, Contracts	3511
Noncompetitive Bid (NB) Requests, Procurements	3522
Notification of Grant Award	6100

- O -

OES 113--Sample Functional Time Sheet	Appendix 10
OES 201--Report of Expenditures and Request for Funds	Appendix 9
OES 202--Certification for Advance of Grant Funds	Appendix 6
OES 203--Request to Submit Quarterly Reports of Expenditure	Appendix 16
OES 223--Sub-Grant Award Modification	Appendix 7
OES 224--Statement of Interest Income	Appendix 17
OES 513--Sub-Grant Award Amendment	Appendix 8
OES 602--Request for Financial Technical Assistance	Appendix 18
OES 651--Request for Programmatic Technical Assistance.....	Appendix 19
OES 652--Disbursement of Confidential Funds	Appendix 15
OES 656--Certification of Assurance of Compliance	Appendix 3
OES 700--Proposed Out-of-State Travel	Appendix 13
OES Audit Process	8300
OES, Final Action by.....	10436
Objectives, Modification of Project Objectives	7600
Official Authorized to Sign for Project	2113
One Bid Received or Considered Responsive, Contracts and Procurement	3530
Operating Expenses	2200
Operating Expenses, Audit Costs	2234
Operational Agreements	4000
Operational Agreement (Sample)	Appendix 11
Operational Agreement, Establishing	4200
Operational Agreement, Elements	4300
Operational Agreement, Requirements of Participating Agencies	4400
Opportunity, Equal Employment--Civil Rights Compliance	2151
Organization Policies and Procedures	11400
Other Income and Project Income	6600
Other Income	6630
Out-of-State Travel	2236.11
Out-of-State Travel Request Form.....	Appendix 13
Over Match	6540
Overhead, Administrative, Rates, Indirect Cost	2172.1, 2220
Overtime	2171.61

- P -

Participating Staff.....	4500
Past Performance Policy, Summary of	Appendix 27
Patents.....	5400
Payment, Final	10130
Payments, Advance	6311
Payroll Records	11330
Penalties, Charges, Fees, Interest.....	2245
Per Diem and Travel	2236
Personal Services - Salaries/Employee Benefits	2100
Personal Services/Employee Benefits--Time Study Allocation Plan	2173
Personnel Files, Retention	11340

Personnel Changes	2174
Personnel Policies, Written	2130
Personnel, Costs for, Allowable and Non-allowable	2170
Personnel, Key, Changes	2114
Personnel, Key	2110
Policies and Procedures, Organization	11400
Policies, Personnel, Written	2130
Preparing a Time Study Allocation Plan.....	2173.1
Prior Approval for Budget Modification.....	7520
Private Vehicles, Allowable Travel Costs.....	2236.31
Procurement, Contracts and	3000
Procedure, Justification for Noncompetitive Bid, Procurement	3522
Procedures and Policies, Organization	11400
Procedures, Accountability (Emergency Funds)	2235.2
Procedures, Augmentation	7330
Procedures, Budget Modification	7530
Procedures, Emergency Fund	Appendix 14
Procedures, Extension of Liquidation Period	7730
Procedures, Standard Monitoring	10420
Process, Independent CPA/Auditor Report Review	8500
Process, OES Audit	8300
Procurements, Contracts and	3000
Procurement and Contracts Awards	3413
Procurement, Definition	3100, 3120
Procurement, Methods of Contracting and	3400
Professional Dues or Fees, Annual	2248
Professional License.....	2248
Programmatic, Records	11320
Programmatic Technical Assistance OES 651--Request for.....	Appendix 19
Progress Reports	10100
Prohibited Expense Items	2240
Project Director	2111
Project and Other Income	6600
Project Income	6610
Project Income Reporting Transmittal (OES 234).....	Appendix 26
Project Objectives, Modifications	7600
Project Response to Compliance Plan, Monitoring.....	10431
Proof of Authority	1316
Proposed Automated System Purchase: Justification Guidelines.....	Appendix 29
Proposed Out-of-State Travel (OES 700)	Appendix 13
Provisions Regarding Allowable Compensation for Personnel	2172
Provisions Regarding Allowable Operating Expenses	2230.1
Provisions, Contract.....	3900
Publications	5100
Publications, Credits and Disclaimers.....	5200
Purchase Order/Document, Elements of a Contract or	3600
Purchase of Supplies.....	2140.4
Purchase, Lease to, Agreement	2343
Purpose, Progress Reports.....	10110
Purpose, Site Visit	10310

– Q –

Quality Control Review of Audit Reports.....	8250
Quarterly Report of Expenditures and Request for Funds	6320
Quarterly Reports of Expenditure and Request for Funds--OES 203	Appendix 16

Questionnaires, Audit Programs and Internal Control.....	8602
Questioned/Disallowed Costs Identified in an Audit.....	8400

- R -

Rates, Consultant Services.....	3710.1
Rates, Indirect Cost, Administrative Overhead	2220
Real Property and Improvements	2244
Reconciliations and Bank Statements	11311
Records	11000
Records and Identification, Equipment	2350
Records, Audit/Monitoring.....	11110
Records, Fiscal	11310
Records, Indirect Cost Rates	2226
Records, Payroll	11330
Records, Programmatic	11320
Records, Retention Requirements	11200
Reduction or Termination of grant Funds.....	12200
Reduction to Grant Award.....	7400
Reduction Procedures, Grant Award	7430
Reduction, Withholding, Disallowance, Termination and/or Denial of Grant Funds	12000
Reimbursement, Final Request	13400
Rental, Commercial Automobile	2236.32
Rental, Facility	2232
Rental Space for Training, Shelter, and Counseling Rooms.....	2232.1
Rented or Leased Equipment	2233
Replacements, Equipment.....	2370
Report Distribution, Audits	8220
Report of Expenditures and Request for Funds (OES 201)	6300
Report of Expenditures and Request for Funds OES 201	Appendix 9
Report, Monitoring	10430
Reporting, Financial.....	6000
Reporting Project Activities and Achievements.....	10000
Reports, Audit	8200
Reports, Progress	10100
Request for Funds and Report of Expenditures (OES 201)	6300
Requests for Financial Technical Assistance (OES 602).....	Appendix 18
Requests for Programmatic Technical Assistance (OES 651).....	Appendix 19
Requests-for-Proposals, Contracts.....	3412.1
Requests-for-Proposals, Procurement.....	3422
Request, Noncompetitive Bid.....	3500
Requests, Noncompetitive Bid, Contracts.....	3511
Requests, Noncompetitive Bid, Procurement (Goods)	3512
Requests-for-Approval, Confidential Expenditures	2231.1
Required Certification of Assurance of Compliance.....	2150
Required Certifications.....	Appendix 3
Required Match	6530
Requirements, Audit	8100
Requirements of Participating Agencies, Operational Agreement	4400
Requirements, Retention	11200
Resolution, Audits	9000
Responsible Agency	1311
Responsive, One Bid Received or Considered, Contracts and Procurement	3530
Retainer Fees	2237.2
Retention of Records	13500
Retention Requirements (Records)	11200

Review, Independent CPA/Auditor Report Review Process	8500
Review, Quality Control (Audits)	8250
Revised Recipient Handbook Sections	ii
Revising the Time Study Allocation Plan	2173.3
Right to Perform Audit or Review.....	8260
Rights in Data, Copyrights	5300
Rights, Civil, Compliance--Equal Employment Opportunity	2151

- S -

OES 513 – Standard Agreement	Appendix 8
Salaries/Employee Benefits, Personal Services	2100
Sanctions, Final	10435
Sanctions for Non-payment of Disallowed Costs	9230
Scope of Audit	8110
Scope of Monitoring	10421
Securing Audits.....	8130
Security, Fidelity Bond	2160
Selecting a Contractor	3700
Separation of Duties - General Guidelines.....	8910
Services, Consultant	2237
Services, Personal, Salaries/Employee Benefits	2100
Services/Studies, Management	2237.3
Shifting of Personnel.....	2174
Sign, Official Authorized for Project	2113
Site Visit.....	10300
Source Documents	10111
State and Federal Civil Rights Laws	2151.1, Appendix 20
State and Federal Employees, Allowable/Non-allowable Costs.....	2170
State Funds and Federal Matching State Funds.....	6522
Statement of Interest Income.....	Appendix 17
Studies/Services, Management	2237.3
Submission of Progress Report	10120
Supplanting Prohibited.....	1320
System and Structure, Accounting.....	6400

- T -

Technical Assistance	10200
Technical Financial Assistance	8600
Termination or Reduction of Grant Funds.....	12200
Termination, Withholding, Disallowance, Reduction, and/or Denial of Grant Funds.....	12000
Terms of the Program	1340
Time Sheet Functional Report OES 113.....	Appendix 10
Time Study Allocation Plan - Personal Services/Employee Benefits	2173
Time Study Allocation Plan, Preparing.....	2173.1
Time Study Allocation Plan, Documenting	2173.2
Timeframe, Monitoring	10410
Timeframe, Site Visit.....	10320
Travel Claims.....	2236.4
Travel and Per Diem Policies.....	2236.2
Travel and Per Diem	2236

– U –

Units of Government, Travel and Per Diem Policies	2236.21
---	---------

– V –

Vehicles, Motorized	2330
Vehicles, Private, Allowable Costs for Travel.....	2236.31
Visit, Site.....	10300
Vouchers, Records	11315

– W –

Weapons and Ammunition.....	2247
Withholding, Disallowance, Reduction, Termination and/or Denial of Grant Funds.....	12000
Withholding or Disallowance of grant Funds.....	12100
Witness, Expert, Fees.....	3710.2
Written Job Description.....	2120
Written Personnel Policies	2130

1000 GRANT AWARD

A Grant Award is the signed final agreement (application) between OES and the local government agency or organization authorized to accept grant funding.

1100 DEFINITION

The approved grant application, when signed by the Director or designee of OES, becomes the Grant Award which contains the terms and conditions of the grant agreement.

1200 GRANT AWARD COMPONENTS

The Grant Award components are:

- a. Grant Award Face Sheet (OES A301, Appendix 1);
- b. Project Contact Information.
- c. Certification of Assurance of Compliance (OES 656, Appendix 3);
- d.. Grant Award Budget (OES A303a-c, Appendix 5);
- e. Project Narrative; and
- f. Any special conditions imposed by OES.

1300 GRANT AWARD CONDITIONS¹

1310 General

The Grant Award is an agreement between OES and the grant Recipient. Projects must conform to the agreement as specified. Failure to do so may result in the withholding or disallowance of grant payments on current or future OES grants, the reduction or termination of the Grant Award and/or the denial of future Grant Awards.

Recipients must comply with all applicable federal/state laws and regulations.

1311 Responsible Agency²

The Recipient named on the Grant Award Face Sheet is the agency responsible for the implementation of the grant award and for providing all matching funds specified on the Grant Award Face Sheet. The Recipient may not transfer the Grant Award Agreement or assign it to another agency or party. Any liability arising out of the performance of the Grant Award Agreement shall be the responsibility of the Grant Recipient and authorizing agency. The State of California and OES disclaim responsibility for any such liability.

¹ Section 1300: This section has been renumbered for clarity and contains new language clarifying the consequences of non-compliance with the Grant Award Agreement (*RH. 1310*)

² Section 1311: This section been added to clarify the responsibilities of the Grant Recipient.

1320 Supplanting Prohibited³

Supplanting means: to deliberately reduce federal, state, or local funds because of the existence of OES funds. For example, when non-OES funds are appropriated for a stated purpose and OES funds are awarded for that same purpose, the Recipient replaces its non-OES funds with OES funds, thereby reducing the total amount available for the stated grant purpose.

OES funds should be used to supplement existing funds for program activities and not replace funds that have been appropriated for the same purpose. Supplanting is prohibited unless specifically allowed in the terms of the program.

1330 Grant Award Changes

Changes made in the Grant Award during the grant year must be fully documented in accordance with the procedures described in this *Recipient Handbook*. Oral agreements are not binding.

1340 Terms of the Program

The applicable Program Guidelines, RFP(s), and/or RFA(s) must be maintained by the project on-site. These key documents define the terms of the program. Failure to adhere to these requirements may result in the withholding or disallowance of grant payments on current or future OES grants, and/or the reduction or termination of the Grant Award, and/or the denial of future funding, (see Summary of OES' Past Performance Policy, Appendix 27). In the event the terms of the program are inconsistent with the provisions of this *Recipient Handbook*, the terms of the program supersede the provisions of this *Recipient handbook* unless otherwise determined by OES.

1350 Proof of Authority

OES has incorporated Proof of Authority into the Certification of Assurance of Compliance, Section VI, titled "Proof of Authority from City Council/Governing Board." The Recipient is required to maintain written authorization from the city council/ governing board that the official executing the agreement is, in fact, authorized to do so. The Recipient must maintain this written authorization on file and make it available upon demand.

1400 FUND AVAILABILITY⁴

Allocation of funds is contingent on the enactment of the state budget. OES does not have the authority to disburse any funds until the budget is passed and the Grant Award Agreement is fully executed. Any expenditures incurred prior to authorization are made at the projects own risk and may be disallowed. OES employees are not able to authorize an applicant for funding to incur expenses or financial obligations prior to the execution of a Grant Award Agreement. However, once the Grant Award Agreement is finalized the Grant Recipient may claim reimbursement for expenses incurred subsequent to the start of the Grant Award period.

If, during the term of the Grant Award, the state and/or federal funds appropriated for the purposes of the Grant Award are reduced or eliminated by the California Legislature or by the United States Government or in the event revenues are not collected at the level appropriated, OES may immediately terminate or reduce the Grant Award upon written

³ Section 1320: This section now applies to all funded agencies.

⁴ Section 1400: This section contains new language for clarification of reimbursable funds.

notice to the project. However, no such termination or reduction shall apply to allowable costs already incurred by the project to the extent that state or federal funds are available for payment of such costs.

The Grant Award entered into with OES is subject to any applicable restrictions, limitations, or conditions enacted by the California Legislature and/or the United States Government subsequent to execution of the Grant Award.

2000 FUNDING CATEGORIES AND POLICY

Projects are expected to prepare a realistic and prudent budget that avoids unnecessary or unusual expenditures that detract from the accomplishment of the objectives and activities. The budget consists of three funding categories:

- a. Personal Services – Salaries/Employee Benefits;
- b. Operating Expenses; and
- c. Equipment.

Each funding category requires line item detail with the method of calculation and justification for the expense.

2100 PERSONAL SERVICES – SALARIES/EMPLOYEE BENEFITS

2110 Key Personnel

2111 Project Director

The Project Director has general administrative authority for implementing project activities and maintaining compliance with all programs, administrative and fiscal requirements of the Grant Award.

The Project Director is responsible for:

- a. Ensuring that any project monies expended or obligated are for allowable costs and are in compliance with the approved budget;
- b. Maintaining required documentation of project activities and accomplishments; and
- c. Signing all reports and grant modifications.

2112 Financial Officer

The Financial Officer oversees the actual receipt and payment of grant monies. The Financial Officer is responsible for:

- a. Maintaining proper accounting records;
- b. Signing fiscal reports, grant modifications and progress reports where appropriate; and
- c. Ensuring the appropriate expenditure of grant funds.

The Financial Officer must be someone other than the Project Director.

If the Auditor-Controller/City Auditor is designated as the Financial Officer in the Grant Award, the Auditor-Controller/City Auditor may not meet the independence standard to perform the audit of the OES Grant (see Section 8110).

2113 Official Authorized to Sign for Project⁵

This official is the person designated by the governing body (council or board) in the resolution to sign the Grant Award Face Sheet (OES A301 Appendix 1). This official must also sign all amendments to the Grant Award. Amendments are increases or decreases to the Grant Award or changes to the grant period. The official authorized to sign for the project is identified on the Grant Award Face Sheet and must sign the Certificate of Assurance of Compliance in the Grant Award Agreement (see Section 2150).

2114 Changes in Key Personnel

Any changes in key personnel, as identified in Section 2110, and the effective date of the change, must be reported to OES in writing and recorded on a Grant Award Modification (OES 223, Appendix 7) as soon as the change is known. Failure to make these changes will result in the return of grant documents requiring that person's signature. This may cause significant delays in receiving payments and processing amendments and extensions.

2115 Additional Signature Authority⁶

Recipients may request signature authority in addition to the designated Project Director and/or Financial Officer by completing an Additional Signature Authority form. No single individual may be authorized to sign for both the Project Director and the Financial Officer. After the grant has been awarded, if there are additional persons authorized to sign for the Project Director and/or Financial Officer that were not specified in the original Grant Award, submit, for each such Grant Award, an Additional Signature Authority form (Appendix 4). This procedure will be required every year of operation and does not carry over to subsequent grant periods.

2120 Job Description

Projects must have on file written job descriptions (as opposed to job specifications) for all positions funded by OES, detailing specific grant-related activities to achieve project objectives (e.g., the Victim/Witness Advocate will provide direct services to victims and witnesses of crimes; and provide information to victims about the Criminal Justice System). These duty statements shall reflect specific grant-related duties required by the objectives and activities of the funded program area and should not be the standard job classification description for this title of position within your agency.

Where applicable, job descriptions will also include a statement addressing the tracking of project activities and the maintenance of appropriate source documentation in support of data reported on progress reports. (For example, the Deputy Probation Officer will supervise a caseload of drug or drug-related probationers, not to exceed 35; implement intensive supervision techniques consistent with OES standards; and maintain source documentation in support of data reported to OES on Progress Reports).

2130 Personnel Policies

OES-funded projects must have written personnel policies that are available to all employees. Policies must include, at a minimum:

- a. Work hours;

⁵ Section 2113: This section includes new language clarifying the requirement to sign the Certification of Assurance of Compliance.

⁶ Section 2115: This section was added to clarify the requirements for additional signatories to an Agreement.

- b. Compensation rates, including overtime, and benefits;
- c. Vacation, sick and other leave allowances; and
- d. Hiring and promotional policies.

2131 Project Staffing and Operation

- 2131.1** Project staff should be hired and the project should be operational within 60 days of the approval date for the Grant Award agreement. If project staff is not hired and/or the project is not operational within 60 days, the Recipient must report to OES the steps taken to hire project staff, initiate the project, the reasons for the delay, and the expected start date.
- 2131.2** If project staff is not hired and/or the project is not operational within 90 days of the execution of the Grant Award period, the Recipient must submit a second statement to OES explaining the implementation delay. Upon review of the 90-day statement, OES may choose to cancel the project or extend the implementation date of the project past the 90-day period.
- 2131.3** Project staff added to the Grant Award budget via an approved Grant Award Modification (OES 223, Appendix 7) should be hired within 90 days of the modification approval date. If project staff is not hired within 90 days, the Recipient must submit a statement to OES explaining the delay.

2140 Conflict of Interest

- 2140.1** Officials and employees of a Recipient must not participate in activities involving the use of grant funds where there is a financial interest or benefit:
- a. To him or herself, immediate family, partners, organization (other than a public agency in which he or she is serving as an officer, director, trustee, partner or employee); or
 - b. To any person or organization with whom he or she is negotiating or has any arrangement concerning prospective employment.
- 2140.2** Officials and employees of a Recipient must avoid actions that result in or create the appearance of:
- a. Using an official or grant-funded position for personal gain;
 - b. Giving preferential treatment to a particular person or project;
 - c. Losing independence or impartiality;
 - d. Making a decision outside official channels; or
 - e. Affecting adversely the confidence of the public in the integrity of the government or the program.
- 2140.3** OES-funded projects shall not employ, enter into any contract, or engage in any activity or enterprise, with a consultant currently under contract with OES, or any current OES employee, whether formal or informal, for pay or not for pay, which might result in a conflict of interest or the appearance of a conflict of interest.

Funded projects must submit written notification to OES prior to employing, contracting, or engaging in any activity or enterprise with a consultant currently under contract with OES, or any current OES employee. The notification should include a full description of the intended relationship between the project and the consultant or employee. OES' Chief Deputy Director, or his/her designee, shall review the written notification and determine whether a conflict of interest or the appearance of a conflict of interest exists.

2140.4 Purchase of Supplies

The project may use funds to purchase supplies or other goods (e.g., rent an office, secure insurance, purchase office supplies) from a party in which the project employee or board member has a financial interest if all of the following criteria are met:

- a. The employee or board member who has a financial interest does not take part in the bidding or awarding process;
- b. The project is receiving the item at a lesser rate or there are additional benefits that would not have been available through an independent party;
- c. The purchase or transaction is approved by a quorum of the board and documented in the board minutes, and the board member who has a financial interest abstained from voting; and
- d. The records that support b. must be retained by the project as specified in Section 11200, or as long as the supplies/goods or services are being used, whichever is longer.

2150 Certification of Assurance of Compliance (OES 656, Appendix 3)⁷

OES is required by law to obtain written certification of compliance. The Certification of Assurance of Compliance form is a binding assurance that the Recipient will comply with the Equal Employment Opportunity (EEO), Drug Free Workplace, Environmental Impact, Lobbying, Debarment/Suspension Requirements and Proof of Authority from the city council/governing board and becomes a part of the OES Grant agreement. Two individuals must sign the Certificate of Assurance of Compliance (OES 656, Appendix 3): The designated individual authorized to sign the Grant Award and the individual granting that authority: either the City/County Financial Officer, or the Manager or Governing Board Chair. This signature is not required for State Agencies.

2151 Civil Rights Compliance – Equal Employment Opportunity

It is the public policy of the State of California to promote equal employment opportunity by prohibiting discrimination or harassment in employment because of race, religious creed, color, national origin, ancestry, disability (mental and physical, including HIV and AIDS), medical condition (cancer and genetic characteristics), marital status, sex (including pregnancy, childbirth, or related medical conditions), sexual orientation (heterosexuality, homosexuality and bisexuality), denial of family medical care leave, denial of pregnancy disability leave, or age (over 40).

2151.1 State and Federal Civil Rights Laws

Comprehensive state and federal civil rights regulations include the following directives:

- a. Prohibits discrimination or denial of benefits to persons who are under

⁷ Section 2150: This section has been rewritten for clarity and now exempts state agencies from the requirement for an authorizing signature.

programs or activities receiving financial assistance from the State of California or the Federal Government;

- b. Mandates that qualified persons with disabilities will not be excluded from, denied benefits of, or discriminated against solely on the basis of their physical disability, mental disability or medical condition, under any program or activity receiving financial assistance from OES;
- c. Mandates that all facilities used by OES funded programs shall be made reasonably accessible and usable by the physically handicapped;
- d. Provides that employers shall make reasonable accommodation for an employee or for an applicant with a known physical or mental disability, unless the employer can demonstrate that such accommodation would impose an undue hardship;
- e. Guarantees equal opportunity for individuals with disabilities in public and private sector services and employment;
- f. Mandates that all employers shall ensure a workplace free of sexual harassment; and
- g. Provides Family Care and Medical (CFRA) Leave and Pregnancy Disability Leave.

2151.11 Additional federal regulations require agencies receiving federal financial assistance from OES to prepare an Equal Employment Opportunity Program (EEOP) upon meeting all of the following criteria:

- a. Recipient has 50 or more employees;
- b. Recipient has received a total of \$25,000 or more in grants or subgrants since 1968 (for grants of \$500,000 and more see c. below); and
- c. Recipient has a service population of three percent (3%) or more minority representation [if less than three percent (3%) minority population the EEOP must be prepared to focus on women].

The equal opportunity criteria and requirements apply to the named Recipient (i.e., City of, County of).

2151.2 Federal Funds of \$25,000 – \$499,999

All Recipients receiving federal funds of \$25,000 – \$499,999 must file a Certification of Assurance of Compliance (OES 656, Appendix 3) with their proposal, certifying the agency will comply with all state and federal requirements regarding equal employment opportunity, nondiscrimination and civil rights.

The named Recipient must have a current EEOP on file in their office for possible audit by OES or the Office of Civil Rights (OCR), Office of Justice Programs, U.S. Department of Justice. If the Recipient does not have a current EEOP on file, they must develop and implement one within 60 calendar days of the date the OES Director signed the Grant Award Face Sheet (OES A301, Appendix 1). The signed certification will be placed on record in the OES grant file.

2151.3 Federal Funds of \$500,000 and Above

Recipients receiving federal funds of \$500,000 or more, or an aggregate of Grant Awards of a million dollars or greater within an 18-month period, are required to submit a copy of their EEOP (developed for the named Recipient), or federal letter of compliance, to OES with the proposal. No Grant Award agreement in this amount will be approved until OES receives approval from the Federal Government for the agency's EEOP. If the EEOP is not included with the proposal, a Grant Award condition may be placed on the grant allowing an additional 45 days for submission of the EEOP. If the Recipient has an approved EEOP on file with the Office for Civil Rights (OCR), Office of Justice Programs, U.S. Department of Justice, they may submit the compliance letter in lieu of the EEOP. An approved EEOP from OCR is valid for 24 months from the date of the OCR compliance letter.

2151.4 EEOP Updates for Continuing Grants

Recipients who have previously received federal grants of \$25,000 or more are required to maintain a current EEOP on file in their office.

Recipient's who have previously received a single award in the amount of \$500,000 or more, or an aggregate of Grant Awards of a million dollars or greater within an 18-month period, are required to submit an update of their EEOP if funds are continued. The updated EEOP is due within 24 months of the OES or OCR compliance letter.

All Recipients, regardless of the type of entity or the amount awarded, are subject to the prohibitions against discrimination in any program or activity and may be required by OES or OCR, through selected compliance reviews, to submit data to ensure their services are delivered in an equitable manner to all segments of the service population and their employment practices comply with Equal Employment Opportunity Requirements *28 CFR Section 42.207 and 42.301 et seq.*

The passage of Proposition 209 (approved November 1, 1996) has not alleviated the Federal requirement to develop and implement an EEOP (*Article 1, Section 31, Constitution of the State of California*).

2151.5 Additional Requirements for All OES Recipients

- a. In addition to the Certification of Assurance of Compliance (OES 656, Appendix 3), all OES Recipients must have a current year EEO Policy Statement, established by their agency, posted in a prominent place accessible to employees and applicants (see Sample Equal Employment Opportunity Policy Statement, Appendix 21).
- b. The poster entitled "Harassment or Discrimination in Employment is Prohibited by Law" (see **Appendix 22** for an example of the poster) must also be posted in a conspicuous location accessible to employees and applicants for employment. This poster may be obtained from the local office of the Department of Fair Employment and Housing (DFEH) office.

2151.6 Recipients Exempt from EEOP Requirements

State-funded grants, Community-Based Organizations (CBOs), Indian Tribes and Educational/Medical institutions are exempt from the federal requirement of developing an EEOP, pursuant to *28 CFR Part 42, Subpart E*. CBOs, however, are monitored by the U.S. Department of Health and Human Services in EEO compliance matters.

2151.7 EEO Monitoring Responsibility

OES program staff will ensure Recipients have a current EEO Policy Statement describing the agency's commitment to equal employment opportunity for all persons, regardless of: race, color, ancestry, national origin, religious creed, sex, medical condition (cancer and genetic characteristics), disability (mental and physical, including HIV and AIDS), age (over 40), marital status, sexual orientation, or denial of family medical care leave and pregnancy disability leave as required by the California Fair Employment and Housing Act. Staff will also verify that the DFEH poster, "Harassment or Discrimination in Employment is Prohibited by Law," (Appendix 22) is posted in a conspicuous location.

2151.8 Recipient Responsibility

Recipients acknowledge awareness of and the responsibility to comply with all EEO requirements by signing the Grant Award Face Sheet (OES A301 Appendix 1), the Certification of Assurance of Compliance (OES 656, Appendix 3), and submitting the proposal to OES. Failure to comply with these requirements may result in the delay or possible discontinuance of grant funds.

2151.9 Additional Information

An "EEOP Summary" may be accessed from the OES website or by contacting the OES EEO Compliance Officer at (916) 327-3689. For additional information on the specific state and federal civil rights laws (State and Federal Civil Rights Laws, Appendix 20).

All applicants are encouraged to contact their Personnel/Human Resources/EEO Office for EEO assistance and information.

2152 DRUG-FREE WORKPLACE CERTIFICATION

2152.1 General

Through the enactment of Senate Bill 1120 (Chapter 1170, Statutes of 1990), the Drug-Free Workplace Act of 1990 ("the Act") was established requiring Recipients to ensure OES that they will comply with the requirements of *Government Code Sections 8350-8357*.

The Federal Drug-Free Workplace Act of 1988 (41 USC 701), was established requiring Recipients to ensure OES that they will comply with the requirements of Federal law as implemented in *28 CFR Part 67, Subpart F*, for Recipients, as defined in *28 CFR Part 67, Sections 615 and 620*.

2152.2 Definitions

- a. "Drug-free workplace" means a site for the performance of work done in connection with a specific grant or contract described in *Government Code Section 8355* of an entity at which employees of the entity are prohibited from engaging in the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance in accordance with the requirements of this chapter.
- b. "Employee" means the employee of a Recipient or contractor directly engaged in the performance of work pursuant to the grant or contract described in *Government Code Section 8355*.
- c. "Controlled substance" means a controlled substance in Schedules I through V of *Section 202 of the Controlled Substance Act (21 USC §812)*.

- d. "Recipient" means the department, division, or other unit of an organization responsible for the performance under the grant.
- e. "Contractor" means the department, division, or other unit of a person or organization responsible for the performance under the contract.

2152.3 Requisites for Certification to OES

Every person or organization awarded a contract or a grant for the procurement of any property or services shall certify that it will provide a drug-free workplace by doing all of the following:

- a. Publishing a statement notifying employees that the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations, as required in *Government Code Section 8355 Subdivision (a)*.
- b. Establishing a Drug-Free Awareness Program as required by *Government Code Section 8355, Subdivision (b)*, to inform employees about all of the following:
 - 1. The dangers of drug abuse in the workplace;
 - 2. The organization's policy of maintaining a drug-free workplace;
 - 3. Any available counseling, rehabilitation, and employee assistance programs; and
 - 4. Penalties that may be imposed upon employees for drug abuse violations.
- c. Providing as required by *Government Code Section 8355, Subdivision (c)* that every employee who works on the proposed grant (see Appendix 28 for a sample Drug Free Workplace Policy):
 - 1. Will receive a copy of the company's drug-free policy statement; and
 - 2. Will agree to abide by the terms of the company's statement as a condition of employment on the contract or grant.
- d. Notifying the employee in the statement required that, as a condition of employment under the grant, the employee will:
 - 1. Abide by the terms of the statement;
 - 2. Notify the employer in writing of his or her conviction for a violation of a criminal drug statute occurring in the workplace no later than five (5) calendar days after such conviction;
 - 3. Notify OES in writing, within ten (10) calendar days after receiving notice as required above from an employee or otherwise receiving actual notice of such conviction. Employers of convicted employees must provide notice, including position, and title to: Department of Justice, Office of Justice Programs, ATTN: Control Desk, 633 Indiana Avenue, N.W. Washington, D.C. 20531. Notice shall include the identification number(s) of each affected grant.
- e. Take one of the following action, within 30 calendar days of receiving notice, with respect to any employee who is so convicted:
 - 1. Take appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
 - 2. Require such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or

local health, law enforcement, or other appropriate agency.

- f. Make a good faith effort to continue to maintain a drug-free workplace through implementation of the above requirement.

2152.5 Termination of Contract or Grant; List of Canceled Awards

2152.51 A determination of noncompliance may jeopardize eligibility for continued grant funding. Each contract or Grant Award may be subject to suspension of payments or termination of the contract or grant, or both, and the contractor or Recipient may be subject to debarment, in accordance with the requirements of *Section 8356* of the Act, if OES determines that either of the following has occurred:

- a. The contractor or Recipient has made a false certification under *Section 8355*.
- b. The contractor or Recipient violates the certification by failing to carry out the requirements of subdivisions (a) to (c), inclusive, of *Section 8355*.

2152.52 The Department of General Services shall establish and maintain a list of individuals and organizations whose contracts or grants have been canceled due to failure to comply with these provisions.

2152.53 OES shall immediately notify the department of any individual or organization that has an award canceled on the basis of violation of these provisions.

2153 Environmental Impact - - CEQA Compliance

Applicants selected for funding (Recipients) must certify that their project is in compliance with Public Resources Code 21000 et. seq. (the California Environmental Quality Act or CEQA). CEQA may require the preparation of an environmental document by the Recipient prior to commencing the project or program. Recipients should contact their legal counsel and/or the department or agency within their jurisdiction responsible for CEQA compliance for further information about the applicability of CEQA to their project. By signing the Certification of Assurance of Compliance (OES 656, Appendix 3), the Recipient certifies that the project is exempt from CEQA or that the Recipient has adopted or certified an environmental document for the project that complies with the requirements of CEQA.

2154 Lobbying

OES grant funds shall not be used for the purposes of lobbying, as required by *Section 1352, Title 31* of the *U.S. Code*, and implemented as *28 CFR Part 69*. This prohibition may be applied to both federal and state-funded grants (see *Section 2242*). Any expenditure or use of funds, grant property, or grant funded positions for any lobbying activities are disallowed costs (see *Sections 2240 and 8400*). By signing the Certification of Assurance of Compliance form (OES 656, Appendix 3), the applicant certifies adherence with this requirement.

If the implementing agency participates or contracts to participate in lobbying activities using funds other than the OES appropriated funds, the Disclosure of Lobbying Activities form (Appendix 24) must be completed.

2155 Debarment

It is the policy of the Federal Government to conduct business only with responsible persons, and a system for debarment and suspension from programs and activities

involving Federal financial and non-financial assistance and benefits assist agencies in carrying out this policy. Debarment or suspension of a participant by one agency has government-wide effect.

Applicants receiving federal funds must certify that they will adhere to Federal Executive Order 12549, Debarment and Suspension. By signing the Certification of Assurance of Compliance form (OES 656, Appendix 3), the applicant certifies to that effect. The OES 656 outlines the grounds for debarment and suspension.

2156 Verification of Citizenship

OES projects must comply with the requirements of Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), as well as any regulations promulgated by the U. S. Attorney General interpreting the act. PRWORA requires generally that public funds may not be used to provide a public benefit to “non-qualified aliens.” Projects that are both nonprofit and charitable are not required to verify an applicant’s status as a U. S. citizen. Projects that conduct citizenship verification for any other purpose must use that verification for the purpose of denying public benefits to unqualified aliens, unless another exemption applies.

Projects that are governmental organizations must comply with all provisions of PRWORA and are thus prohibited from providing public benefits to aliens. These projects must conduct citizenship screening of applicants who are provided with public benefits. It is incumbent upon the project to obtain access to the Systematic Alien Verification for Entitlements (SAVE) system for this purpose. SAVE is an intergovernmental information-sharing program that is available to benefit-granting agencies that need to determine an alien’s immigration status.

2160 Fidelity Bond

2160.1 Definition

Fidelity Bonds guarantee the bonded employee(s) will handle money and property honestly. The purpose of the Fidelity Bond requirement is to protect public funds by assuring reimbursement to OES if Grant Award funds are stolen or otherwise misappropriated by officials and/or employees.

2161 Requirements and Exemptions⁸

Community based organizations (CBO) and American Indian Organizations are required to obtain a Fidelity Bond or an equivalent employee dishonesty insurance contract. General liability insurance *does not fulfill* this requirement. Projects operated by state, city or county units of government are exempt. CBOs sponsored by State or local units of government may submit documentation indicating sponsorship in lieu of the bond unless it was specifically required in the terms of the program.

2161.1 Amount of Coverage

The Fidelity Bond must be issued in an amount equal to 50 percent (50%) of the total Grant Award, including any augmentations, less matching funds. The Fidelity Bond may have deductible in an amount not to exceed one percent (1%) of the bond.

⁸ Section 2161: This section has been rewritten to incorporate the provisions of Section 2162.

In the event of a grant augmentation, the bond must be increased to cover the increase of funds. The Recipient must submit certification of increased coverage within 30 calendar days of the approval.

2161.2 Type of Coverage

The Fidelity Bond must include Form A, Employee Dishonesty, and Form B, Forgery Coverage. The Fidelity Bond must provide blanket coverage of all employees; a scheduled bond is not acceptable.

2161.3 Bond Period

The bond period must be at least one year, which includes either the start date or end date of the grant. If the Fidelity Bond expires prior to the end date of the grant, including any extension, a new Fidelity Bond must be obtained and submitted to OES prior to the expiration date.

2161.4 Beneficiary/Certificate Holder

The certificate holder or first loss payee must be the "State of California, Office of Emergency Services." In addition, the grant numbers for each grant covered must be included.

2161.5 Certificate of Insurance

A certificate of insurance must be submitted to your OES Program Specialist within 60 days of entering into a signed Grant Award agreement. Failure to comply with this requirement may result in a hold being placed on your grant, and/or termination of the Grant Award agreement. The following must be indicated on the certificate:

- a. Bonding company name;
- b. Bond number;
- c. Description of coverage;
- d. Amount of coverage;
- e. Bond period;
- f. Certificate holder; and
- g. Grant Award number(s).

2162 This Section deleted⁹

2170 Allowable and Non-allowable Costs for Personnel

2171 General

2171.1 Salaries are fixed compensation for services performed by employees of the Recipient and are paid on a regular basis. These costs must be identified by position and percentage of salaries and rounded off to the nearest whole dollar. All others are to be shown in the Operating Expenses Category supported by contract or operational agreement.

⁹ Section 2162: This section has been incorporated into Section 2161.

- 2171.2** Employee benefits and employer payroll taxes include employer's contributions or expenses for social security, employee's life and health insurance plans, unemployment insurance, pension plans, and other similar expenses that are approved by OES. These expenses are allowable when they are included in the Grant Award and are in accordance with the organization's approved written policies.
- 2171.3** Employee benefits in the form of regular compensation (normal pay) paid to employees during periods of authorized absences from the job for paid leave are allowable if: (1) they are provided pursuant to an approved leave system; (2) the costs are equitably allocated to all related activities (claimed in proportion to the time spent by the employee working on the grant); and (3) the costs adhere to the state limitations noted below:
- a. Jury duty costs claimed on the Report of Expenditures and Request for Funds (OES 201, Appendix 9) must be reduced by any jury duty fees received, excluding travel costs; and
 - b. Paid leave (e.g., military leave, medical leave, administrative leave, or workman's compensation) must not exceed 30 calendar days per twelve-month period.
- 2171.4** When a Recipient is unable to obtain benefits, such as a health insurance plan due to the size of the organization, reimbursement payments to employees for such benefits may be allowed. Reimbursement payments must be disclosed in the Grant Award approved in the Recipient's written personnel policies and supported by paid invoices submitted by the employees.
- 2171.5** When a grant employee is placed on administrative leave (in accordance with the organization's approved written policies), a portion of that employee's salary paid during the administrative leave may be charged to the Grant as personal services. The portion of the administrative leave costs that may be charged is based on the percentage of that employee's salary approved in the grant budget.
- 2171.6** Salary costs include vacation, sick leave and compensating time off earned and used during the grant period (usually one year). Overtime and shift differentials are also salary costs. All of these costs should be budgeted and claimed as personal services.
- 2171.61 Overtime**
- Overtime is defined as time worked beyond the normal established work week for all employees except executive, administrative and/or professional staff. Overtime is reimbursable at a higher than normal rate of pay.
- Overtime must be documented by payroll records that reflect at a minimum:
- a. The name and title of the person performing the overtime and a supervisor's prior approval;
 - b. The hours worked and the amount of overtime;
 - c. The basis for the overtime and the activities performed during overtime; and
 - d. The hourly rate of overtime.
- 2171.7** With the exception of a separation from the project, OES funds may be charged as leave time (vacation, sick, family leave, compensating time off) *only* when the time is earned and used during the OES grant funding cycle (refer to the Glossary of Terms in Section 14000 for a definition). Balances accrued during the funding cycle, but not used, cannot be

claimed on the OES 201, unless a separation is involved. The leave costs claimed must be proportional to the amount of time spent by the employee working on the OES project [e.g., if the employee is 50 percent (50%) OES funded, OES will be charged only 50 percent (50%) of eight hours of vacation earned, or four hours].

- 2171.8** As cited above, the only exception for claiming unused leave balances is when an employee separates from employment from the project. OES funds then may be used to pay the employee separating from the project that portion of the leave balances earned during the OES funding cycle. The portion of the leave balances earned during any non-OES funded period must be paid by another source. In addition, OES funds should pay only for a proportional amount of the leave balances earned during the OES funding cycle, based on the percentage of time the employee worked on the OES grant. For example, if the separating employee worked 50 percent (50%) of the time on the OES grant, the OES grant should pay only 50 percent (50%) of the vacation earned and not used by the employee. If the total hours of vacation earned during the OES-funded period and not used were 40, then the total hours that can be claimed against the OES grant are 20.

2172 Provisions Regarding Allowable Compensation for Personnel¹⁰

Salaries and benefits of personnel involved in more than one grant must be charged to each grant based on the actual percentage of time spent on each grant. The annualized actual percentage charged for a particular position (e.g., Project Director) cannot exceed the annual percentage approved in the OES Grant Award. Similarly, the dollar amount charged for a particular position also must not exceed the dollar amount in the approved Grant Award. Functional timesheets or an allocation plan must be maintained which support the time charged to OES grants (see Section 11331 for a Sample Functional Timesheet, OES 113, Appendix 10).

Example A

The OES Grant Award budget allows 100 percent (100%) of salaries and benefits for the Project Director. During the grant period, the agency received grant funds from another funding source for a different grant, which is also administered by the same Project Director. In this situation, the Recipient must account for the actual time the Project Director spends on each of the separate grants. Because the project has more than one grant, the Project Director is obviously no longer spending 100 percent of his/her time on the single OES grant. Although the OES grant allows the Recipient to charge up to 100 percent (100%) of the Project Director's salary, the Recipient may only charge OES the ACTUAL time spent by the Project Director on the OES grant. If the actual amount of the time the Project Director spends on the OES grant is 25 percent (25%), then only 25 percent (25%) of the budgeted amount can be charged to the OES grant and claimed for reimbursement on the OES 201 form. Salary allocation changes require the submission and prior approval of a Grant Award Modification (OES 223, Appendix 7 form).

¹⁰ Section 2172: The example (A) in this section has been rewritten for clarification.

Example B

The OES Grant Award budgets 20 percent (20%) of salaries and benefits for the Program Specialist. During the grant period the actual time spent by the Program Specialist amounts to 50 percent (50%) of actual hours charged, OES can only be charged 20 percent (20%) of the salaries and benefits amount listed in the approved Grant Award for the Program Specialist. If the Program Specialist had actually spent only ten percent (10%) of his/her time on OES programs, and 20 percent (20%) was what was actually budgeted, OES can only be charged ten percent (10%) of the salaries and benefits amount for the Program Specialist. A Grant Award Modification (OES 223, Appendix 7) must be submitted for approval of any allocation changes.

2172.1 Administrative Overhead Positions

Recipients may elect to charge administrative overhead positions as a direct charge to personal services, or as part of indirect costs or administrative overhead. The direct method is explained within this section. If the indirect method is chosen, refer to Section 2220.

When personnel costs for administrative overhead positions (such as secretaries, office clerks, bookkeepers, etc.) are charged as a direct expense and it is not feasible or possible to track actual time spent on projects, the salaries and benefits for these positions should be distributed on an equitable basis to the benefiting programs. The distribution base used may be: (1) total direct costs (excluding distorting items such as capital expenditures or subcontracts), (2) direct salaries and wages, (3) a time study or, (4) another base which results in an equitable distribution. For whatever base is selected, a detailed time study allocation plan (worksheet and supporting documents) must be prepared and maintained to explain and support the method used and the distribution of these administrative costs (see Section 2173). The distribution of the costs will be determined by the percentages calculated for the benefiting programs.

The detailed allocation plan discussed above must be maintained for audit purposes. The basis of allocating administrative overhead salaries must be reviewed and adjusted accordingly by the Recipient on a periodic basis. A Grant Award Modification (OES 223, Appendix 7) must be submitted to notify OES of any allocation changes.

2173 Time Study Allocation Plan – Personal Services/Employee Benefits

The project may establish an allocation plan to charge salaries and benefits to OES grants based on a time study. Such an allocation plan can be used when a project has employees who work on more than one program or grant (see Section 11331).

2173.1 Preparing a Time Study Allocation Plan

A time study allocation plan is based on actual hours. If a project is not using functional timesheets, they must conduct a time study to determine the rate of time to be charged to the grant. In a time study, the project devises a Functional Timesheet (OES 113, Appendix 10) OES for employees to record the actual hours spent on activities for each funding source. The time study must cover a representative amount of time (e.g., three months at a minimum) to allow for fluctuation in workload. Percentages of time spent on each program or grant are calculated for each employee. This percentage (allocation rate)

must be used to prepare the Grant Award budget and to claim salaries and benefits on an OES Report of Expenditures and Request for Funds (OES 201, Appendix 9).

The allocation plan, based on the time study, must be approved by the board or governing agency. Such documentation must be retained in accordance with Section 11200.

2173.2 Documenting the Time Study Allocation Plan

The project must maintain the documentation used in establishing the time study allocation plan. This includes the timesheets, calculations of hours and percentages, and the plan approved by the board or governing agency.

2173.3 Revising the Time Study Allocation Plan

The time study allocation plan must be reviewed, at a minimum, every two years to determine whether the percentages are still accurate. This requires performing another time study to gather the hours spent by employees on each program or grant. If the percentages have changed, the project must submit a Grant Award Modification (OES 223, Appendix 7) to make any budget revisions.

If the project acquires additional grants or has a reduction in funding sources, the time study allocation plan must be reviewed to determine whether the percentages charged to the grant/funding source need to be revised.

2174 Personnel Changes

Whenever there are budget changes resulting from personnel changes, whether temporary or permanent, the project must submit a Grant Award Modification (OES 223, [Appendix 7](#)) and explain the reason for the shifting of personnel, the time period involved, the individuals involved, the salaries paid, and the percentage of time worked. The project also must maintain documentation in the payroll records of the shifting of personnel.

During the life of the grant, the Recipient may not add line items to the Personal Services/Benefits category without prior OES approval. A Grant Award Modification (OES 223, Appendix 7) will be necessary to add line items and to increase or decrease the amount of grant funds budgeted to this category. The items added must be allowable expenses programmatically.

2175 Federal and State Employees

Compensation of federal and state employees (e.g., salary payments, travel and consulting fees) is not allowable unless specifically approved by OES in advance (e.g., the Recipient is a state agency).

2200 OPERATING EXPENSES

2210 General

Allowable operating expenses are defined as necessary expenditures exclusive of personnel salaries, benefits and equipment. Such expenses may include specific items directly charged to the project, and in some cases, an indirect cost allowance. The expenses must be grant-related (i.e., to further the program objectives as defined in the Grant Award) and be incurred (realized) during the grant period. OES reserves the right to make the final determination if an operating expense is allowable and necessary. All charges must be clearly documented and rounded off to the nearest whole dollar. During the life of the grant, new line items may be added to the operating expenses budget

category without prior OES approval as long as the total amount budgeted in the category remains the same and the new line item is grant related and allowed programmatically.

Individual line items within the operating expense category may vary from budgeted amounts. A Grant Award Modification (OES 223, Appendix 7) must be submitted to increase/decrease the most recently approved budget category amount (see Section 7500).

2220 Indirect Cost Rate Proposal (ICRP)/Administrative Overhead

2221 Description

Indirect costs are shared costs that cannot be directly assigned to a particular activity, but are necessary to the operation of the organization and the performance of the project. The costs of operating and maintaining facilities, accounting services and administrative salaries are examples of indirect costs.

Such costs can be charged to a grant through the use of an Indirect Cost Rate Proposal (ICRP), a formal allocation method. The ICRP will establish an indirect cost rate (ICR) that may be used for claiming shared costs (see Section 2172.1).

Recipients using this indirect method should obtain the following federal publications that are pertinent to their type of organization: (1) Office of Management and Budget (OMB) Circular A-87, "Cost Principles for State and Local Governments" or OMB Circular A-122, "Cost Principles for Nonprofit Organizations," and (2) OASMB-5 (Rev), "A Guide for Nonprofit Institutions, Cost Principles and Procedures for Establishing Indirect Cost and Other Rates for Grants and Contracts with the Department of Health, Education, and Welfare" or OASC-10, "A Guide for State and Local Government Agencies, Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government." These publications will explain how indirect costs may be handled.

The publications discussed above are available from:

OMB Circulars
A-87 and A-122

Office of Administration
Publications Unit, Room G 236
New Executive Office Building
Washington, D.C. 20503

OASMB-5 and
OASC-10

U.S. Government Printing Office
Superintendent of Documents
Washington, D.C. 20402

2222 Approval

Recipients receiving OES funds for indirect costs must prepare an ICRP to support indirect costs, and maintain it for review when requested (see Section 2226). Recipients are not required to submit the ICRP to OES for approval unless specifically required. The indirect costs claimed Recipient must not exceed the rates outlined in Section 2225.

2223 Rates¹¹

Projects, unless otherwise prohibited, may charge indirect costs as follows:

- a. An amount, not to exceed ten percent (10%) of actual personnel salary costs, excluding benefits and overtime; or

¹¹ Section 2223-2224: These sections have been renumbered from 2225 and 2226 for consistency.

- b. An amount, not to exceed five percent (5%) of the actual total direct project costs, excluding equipment.

Indirect cost rates, which exceed these percentages, must receive prior OES approval and will not normally be approved unless otherwise required by statute.

If administrative overhead positions are charged under personnel services (see Section 2172.1) these positions cannot be included when calculating the indirect cost rate.

2224 Records

Projects must have on file the Indirect Cost Rate Proposal (ICRP), which demonstrates how the rate was established and any necessary approval. The ICRP must clearly indicate that line items charged to a direct cost category (e.g., "postage") are not included in the indirect cost category. All costs included in the plan must be supported by accounting records (e.g., invoices, purchase orders, and canceled checks or other records supporting payments), which show the actual expense.

Projects must maintain a list of the expenses covered by the rate.

2230 Allowable Expense Items

A project may, unless otherwise prohibited, include the following expenses under the operating expenses category:

- Answering service fees;
- Bank service charges and check printing fees;
- Computer with an acquisition cost of \$4,999 or less;
- Computer equipment rentals;
- Confidential expenditures (e.g., asset forfeiture and sting operations);
- Conferences, seminars, workshops, and training;
- Consultant services;
- Equipment service and maintenance agreements (including those for computers);
- Film or videotape (film or videotape with a acquisition cost of more than \$5,000 per unit and a useful life of more than one year must be charged in the equipment category);
- Financial audit allowances;
- Furniture and office equipment with an acquisition cost of \$4,999 or less per unit;
- Insurance, e.g., vehicle, fire, bonding, theft, and liability (to include malpractice and board liability);
- Internet access;
- Janitorial services;
- Moving expenses;
- Office supplies;
- Office space;
- Postage;
- Printing;

Rental or lease of equipment;
Research forms;
Software (if not part of a computer package);
Storage space for evidence;
Subscriptions;
Telephone (telephones with an acquisition cost of more than \$5,000 per unit and a useful life of more than one year must be charged in the equipment category);
Training materials;
Travel and per diem;
Utilities;
Vehicle maintenance; and
Witness protection fees.

If an item is not listed, consult the terms of the program to determine if the expense is allowable.

2230.1 Provisions Regarding Allowable Operating Expenses

Operating expenses, which cannot be directly charged to a specific project or funding source, such as expenses related to a copier, utilities or janitorial service, must be prorated on the basis of percentage of usage, funding or other reasonable job-costing basis. An allocation plan must be prepared to determine how such operating expenses should be allocated. Schedules of the methods used to allocate such operating expense must be maintained for audit purposes.

The basis of allocating operating expenses must be reviewed and adjusted accordingly by the Recipient on a periodic basis.

Payments made for certain types of expenses, which apply to long periods of time also become allocated expenses. For example, the Recipient pays for an insurance policy with a term of one year (November 1, 2003 to October 31, 2004), and the grant period (July 2004 to June 2005) includes four months of this one-year period. The Recipient then may allocate one-third (four months) of the insurance costs to the grant.

2231 Confidential Expenditures

Confidential expenditures are only allowable for grants to state and local law enforcement agencies that use grant personnel working in an undercover capacity, unless otherwise specifically authorized in the terms of the program.

2231.1 Requests for Approval

Confidential expenditures must be approved using a Grant Award Modification (OES 223, Appendix 7) if not previously authorized in the approved Grant Award prior to any expenditures. The criteria for confidential expenditures are in the terms of the program (see Disbursement of Confidential Funds, OES 652, Appendix 15).

2232 Facility Rental¹²

Office space, charged to the grant, cannot exceed 125 square feet per full-time employee, including, but not limited to, space for files, conference, mail, supplies and reproduction. Space for part-time employees must be prorated. Exceptions must be approved by OES and requires appropriate justification. For the purpose of this section, the term “employee” includes documented volunteers.

Up to \$21 per square foot annually (\$1.75 per square foot per month) is allowed for facility rental. If the rental cost for office space exceeds these rates, it must be consistent with the prevailing rate in the local area. This documentation must be on file and available for audit.

2232.1 Rental Space for Training, Shelter, Counseling Rooms, and other Required Space

Rental space for training and individual and/or group counseling rooms may also be charged to the grant if authorized in the terms of the program and providing the rental space charged is based on actual costs to the Recipient and not reimbursed by any other source.

If other required space, such as a storage or evidence room is allowed in the terms of the program, the Recipient must provide justification for charging the costs to the grant. Such justification must address the cost and need for the space, how it relates to the project’s objectives, and why the agency cannot provide the space at no cost to the grant.

2232.2 Moving Expenses

Projects may budget for moving expenses as long as such expenses are reasonable and related to the accomplishment of grant objectives. For example, a project may claim moving expenses if the project site is being relocated to another site and it is necessary to relocate OES funded supplies, office equipment, etc. to the new site. Moving expenses may not be charged to the grant for transporting personal belongings of staff nor may staff relocation expenses be charged to the grant for costs associated with the project move. Further, projects may not use OES grant funds to pay for relocation expenses associated with the hiring of new staff.

If the project is one of many components of a larger organization, the project may only charge off the prorated share of expenses proportionate to the OES-funded project’s percentage of the organization’s total overall budget.

2233 Rented or Leased Equipment

An explanation and cost analysis must be submitted if equipment is to be rented or leased. This analysis must demonstrate that it is more cost effective to rent or lease the equipment than it is to purchase it (see Lease/Purchase Analysis, Appendix 25).

The project must receive approval from OES prior to the execution of any rental or lease agreement. If the request is made after the grant is awarded, attach the analysis to a completed Grant Award Modification (OES 223, Appendix 7).

¹² Section 2232: This section includes new language clarifying the definition of the term “employee”.

2234 Audit Costs

Grant-funded projects may budget audit costs up to certain amounts (see Sections 8150 through 8154).

2235 Emergency Funds

Victim service projects may budget up to five percent (5%) of the total project cost for victim-related emergencies in accordance with criteria specified in the terms of the program.

2235.1 “Emergency” Defined

“Emergency” is defined as any immediate financial intervention in response to a victim's basic needs such as temporary emergency shelter, food, transportation, clothing and medical care, including prescription medicine, eyeglasses or dentures.

2235.2 Accountability Procedures

Because of the nature of the fund, it should be accessible. It is also necessary, however, that safeguards and accountability of the fund be maintained. For effective management and audit purposes, the following procedures must be followed:

- a. The emergency fund and the regular grant allocation must be kept separate, each with its own account within the general ledger;
- b. Vouchers, receipts, canceled checks and/or bank statements (if canceled checks are not returned from the bank) must be maintained for audit purposes;
- c. Authority to make payments from the emergency fund rests with the chief executive of the agency. Authority to draw on the emergency fund may be delegated by the chief executive. Each check requires a counter signature. OES must be notified in writing within 14 calendar days of any changes in staff authorized to draw on the funds;
- d. If an imprest cash fund is used, the name, address and signature of the Recipient must be maintained, as well as the date, amount and reason for the request;
- e. Grant funds must not be commingled with other emergency monies;
- f. As checks are drawn against the fund, a copy of the checks must be sent to the person in charge of the project's accounting;
- g. This fund must be used only in the absence of another community resource, and only in the case of an emergency (see Section 2235.1);
- h. Verification of the crime, if applicable, should be made with local law enforcement by obtaining and filing the crime report or verification slip;
- i. Payments must be limited to payment for goods or services. A credit system, in lieu of cash payment, should be explored with local merchants. The project must set a limit on the amount of cash allotments that can be made to a victim; and
- j. Records must reflect whether the emergency money is considered a loan, and whether full or partial repayment is expected, or whether the money is a gift. Any repayments must be considered project income and must be used to reimburse the emergency fund.

If emergency funds are budgeted after approval of the initial Grant Award, projects must complete and submit the Emergency Fund Procedures form (Appendix 14) attached to a Grant Award Modification, (OES 223, Appendix 7).

2236 Travel and Per Diem

2236.1 General

Travel is usually warranted when personal contact by the employee is the most appropriate method of conducting project-related business.

The most economical method of transportation, in terms of direct expenses to the project and the employee's time away from the project, must be used.

Projects are required to include sufficient per diem and travel allocations for project-related personnel, as outlined in the Grant Award, to attend the mandated OES training conferences or workshops outlined in the terms of the program.

2236.11 Out-of-State Travel

Out-of-state travel is restricted and only allowed in exceptional situations. Recipients must receive OES approval prior to incurring expenses for out-of-state travel. To request approval for out-of-state travel after the grant is awarded, complete an Out-of-State Travel Request (OES 700, Appendix 13) and attach it to a completed Grant Award Modification (OES 223, Appendix 7).

2236.2 Travel and Per Diem Policies¹³

The following information details the State Travel Policy.

MILEAGE

When the Recipient utilizes a privately owned vehicle on project-related business, a maximum of **44.5 cents per mile** is allowed.

MEALS AND INCIDENTALS

Breakfast – \$6.00: Breakfast may be claimed when travel commences at or prior to 6:00 a.m. Breakfast may be claimed on the last fractional day of a trip of more than 24 hours if travel terminates at or after 8:00 a.m.

Lunch – \$10.00: Lunch may not be claimed for travel less than 24 hours. Lunch may be claimed if the trip begins at or before 11:00 a.m. and may be claimed on the last fractional day of a trip of more than 24 hours if the travel terminates at or after 2:00 p.m.

Dinner – \$18.00: Dinner may be claimed if the trip begins at or before 5:00 p.m. Dinner may be claimed when travel terminates at or after 7:00 p.m., whether on a one-day trip or on the last day of a trip of more than 24 hours.

Incidentals – \$6.00: Incidentals may be claimed for trips of 24 hours or more.

Total: \$40.00.

¹³ Section 2236.2: This section now incorporates the State Travel Policy previously provided in Appendix J. The mileage rate for Recipients using a privately owned vehicle has been increased from 34¢ per mile to 44.5¢.

LODGING (with receipts)

Actual lodging expense up to the rate specified below:

Statewide (excluding counties identified below): **\$84.00 plus tax.**

Los Angeles and San Diego counties: \$110.00 plus tax.

Alameda, San Francisco, San Mateo, and Santa Clara counties: \$140.00 plus tax.

OTHER

Taxi, airport shuttle, etc. which exceeds \$3.50 must be supported by receipt.

Parking in excess of \$10.00 must be supported by receipt.

2236.21 Units of Government

Units of government must follow either their own written travel and per diem policy or the state's policy. Units of government that plan to use cars from a state, county, city, district car pool, or garage may budget either the mileage rate established by the car pool or garage, or the state mileage rate, not to exceed the loaning agency rate.

2236.22 Community-Based Organizations

A CBO receiving OES funds should use the state travel and per diem policy. The Recipient's written travel policy may be used only if the Recipient's travel policy is more restrictive than the state's.

2236.3 Allowable Costs for Travel

Actual reasonable costs of commercial carrier fares, parking, bridge and road tolls, as well as necessary taxi, bus and streetcar fares will be directly reimbursed.

2236.31 Private Vehicles

Reimbursement is allowed for the cost of project-related personnel operating privately owned vehicles on project-related business if authorized by the Project Director or designee.

2236.32 Commercial Automobile Rental

The actual reasonable cost of commercial automobile rental is allowed when appropriate under the terms of the Grant Award. Premium rental rates or extra charges for luxury items are not allowable costs.

Reimbursement will not be made for a damage/deductible waiver.

2236.33 Business Expenses

Business expenses for employees on travel status consisting of charges for business phone calls and other appropriate charges necessary to the completion of official business are reimbursable.

2236.4 Travel Claims

Documentation of travel indicating times of departure and return, destinations, and costs, must be maintained to support subsistence allowance (per diem) claims. Mileage logs and

receipt vouchers for commercial transportation fares and other expenses must support claims for reimbursable expenses.

2237 Consultant Services¹⁴

Consultant services are allowable expenses (see Section 3700).

2237.1 Operational Agreements

Any funds transferred from the Recipient to any CBO or government agency for the collaborative implementation of the project are considered Operating Expenses. This includes personnel services provided by personnel employed by an agency identified in an Operational Agreement (OA) (see Section 4000) and must be regulated by an OA (Appendix 11) between the parties. All the allowable and non-allowable costs for these salaried employees of an agency identified in an OA are the same as those of employees of the applicant (see Section 2170).

2237.2 Retainer Fees

Retainer fees are not allowable costs. Payments for service must be based on actual hours worked.

2237.3 Management Services/Studies

The project must receive prior written approval from OES on a Grant Award Modification Form (OES 223, Appendix 7) for any management study to be performed by an independent contractor or agency if project funds are to be used.

2240 Prohibited Expense Items

2241 Bonuses/Commissions

Projects are prohibited from paying any bonus or commission to any individual, organization or firm unless specifically authorized by the terms of the program.

2242 Lobbying

OES federal and state grant funds, grant property, or grant funded positions shall not be expended or used for any of the following lobbying activities.

2242.1 Prohibited Activities

- a. Attempts to influence the outcome of any federal, state, or local election, referendum, initiative, or similar procedure, through in-kind or cash contributions, endorsements, publicity, or similar activity;
- b. Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcome of elections;
- c. Attempts to influence: (1) the introduction of federal or state legislation; or (2) the enactment or modification of any pending federal or state legislation through communication with any member or employee of the Congress or state Legislature (including efforts to influence state or local officials to engage in similar lobbying activity), or with any government official or employee in

¹⁴ Section 2237: The subsections within this section have been renumbered for consistency.

- connection with a decision to sign or veto enrolled legislation;
- d. Attempts to influence: (1) the introduction of federal or state legislation; or (2) the enactment or modification of any pending federal or state legislation by preparing, distributing or using publicity or propaganda, or by urging members of the general public or any segment thereof to contribute to or participate in any mass demonstration, march, rally, fund raising drive, lobbying campaign or letter writing or telephone campaign; or
 - e. Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying.

2242.2 Activities Exempt From The Prohibition

- a. Providing a technical and factual presentation of information on a topic directly related to the performance of a grant, contract or other agreement through hearing testimony, statements or letters to the Congress or a state Legislature, or subdivision, member, or cognizant staff member thereof, in response to a documented request (including a Congressional Record notice requesting testimony or statements for the record at a regularly scheduled hearing) made by the Recipient member, Legislative body or subdivision, or a cognizant staff member thereof; provided such information is readily obtainable and may be readily put in deliverable form; and further provided that costs under this section for travel, lodging or meals are unallowable unless incurred to offer testimony at a regularly scheduled Congressional or state Legislative hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearing.
- b. Any lobbying made unallowable by Section 2242.1(c) above to influence state legislation in order to directly reduce the cost or to avoid material impairment of the organization's authority to perform the grant, contract, or other agreement.
- c. Any activity specifically authorized by statute to be undertaken with funds from the grant, contract, or other agreement.
- d. Testimony before legislative bodies reviewing the effectiveness of grant programs.
- e. Introduction and support in the state Legislature of general statutory reform, such as criminal code revisions, court reform, etc.

2243 Fundraising

OES grant funds cannot be used for organized fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, or similar expenses incurred solely to raise capital or obtain contributions, unless fundraising for the furtherance of grant objectives is specifically allowed under the terms of the program.

2244 Real Property and Improvements

Real property, including land, land improvements, structures and their attachments, and structural improvements and alterations are not allowable expenditures unless specifically authorized in the terms of the program.

2245 Interest, Charges, Fees and Penalties

a. Interest

The cost of interest payments is not an allowable expenditure, unless the cost is a result of a lease/purchase agreement.

b. Charges, Fees and Penalties

Finance charges, late payment fees, penalties, and returned check charges are not allowable expenditures.

2246 Food and Beverages

The costs of food and/or beverages at grant-sponsored conferences, meetings, or office functions are not allowable expenditures. This section does not prohibit the purchase of food and beverages for the provision of direct services under the Grant Award agreement.

2247 Weapons and Ammunition

The cost of weapons and/or ammunition of any type are not allowable expenditures, unless it is part of a governmental negotiated benefit package, or is specifically authorized in the terms of the program.

2248 Dues, Licenses and Fees

a. Membership Dues

The cost of membership dues for projects involved in the licensing or credentialing of professional personnel are not allowable expenditures, unless specifically authorized in the terms of the program.

b. Professional License

The cost of a professional license is not an allowable expenditure, unless specifically authorized in the terms of the program.

c. Annual Professional Dues or Fees

The cost of professional dues or fees is not an allowable expenditure, unless it is part of a governmental benefit package, or is specifically authorized by the terms of the program.

2249 Depreciation

Depreciation charges are not allowable expenditures.

2300 EQUIPMENT

2310 Definition¹⁵

Equipment is nonexpendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit (including tax and installation). If equipment is purchased as a complete package (i.e., computer, monitor, modem, software,

¹⁵ Section 2310: The cost of items defined as equipment has been raised from \$1,000 to \$5,000, to comply with federal standards. Also, all equipment is now deemed to the property of the Recipient at the time of acquisition.

etc.), the total package cost, not the unit cost, would determine if it qualifies under the equipment category. All equipment purchased by the Recipient is the property of the Recipient. OES does not claim title to the equipment but requires the Recipient to maintain accountability for the equipment. (see Section 2350)

2320 Allowable Equipment

Equipment, which is directly related to and used for project activities, will only be considered for purchase approval if no other equipment owned by the applicant is available and suitable for the project. Projects are expected to purchase only energy efficient equipment whenever possible and appropriate.

Grant funds cannot be used for equipment if specifically prohibited in the authorizing legislation or restricted in the terms of the program.

Grant funds cannot be used to reimburse the project for equipment obtained prior to the beginning of the grant period.

Equipment, which is initially budgeted in the Grant Award, should be ordered as soon as possible so that it can be placed in service during the grant period.

2330 Motorized Vehicles

The purchase of aircraft, watercraft and other motorized vehicles (except automobiles) are not allowable budget items unless specifically authorized in the terms of the program.

2331 Automobiles

If automobiles are allowable pursuant to the terms of the program, projects must provide substantial justification demonstrating the grant-related need. The justification must be submitted attached to a Grant Award Modification (OES 223, Appendix 7) if not previously authorized in the approved Grant Award and include the following information:

- a. Describe the need for a vehicle, including the size of the service area and the need to provide direct service away from the office;
- b. Describe the lack of available agency vehicles;
- c. Describe the lack of available personal vehicles for which mileage can be charged or a reason why the agency will not allow personal vehicle usage during working hours; and
- d. Include a cost analysis for the vehicle purchase as compared to other options, including lease and personal vehicle use with mileage.

2340 Computers and Automated Equipment

2340.1 Internet Access

Funded projects are required to maintain internet access with an established e-mail address (see Section 11500). Grant funds may be used for this purpose unless specifically restricted by the terms of the program.

2341 Justification

The purchase of computers and automated equipment necessary to achieve grant objectives may be requested unless prohibited in the terms of the program. Approval for purchases is contingent on the project's ability to demonstrate cost effective, project-

related need. This is best demonstrated by clearly relating each computer system or component to the grant objectives and activities. The amount of information necessary will be determined by the complexity of the proposed system (see Sections 2342.1 through 2342.3).

If not previously authorized in the approved Grant Award, justification for the purchase of computer equipment must be submitted on a Grant Award Modification (OES 223, Appendix 7 and the Computers and Automated Systems Purchase Justification Guidelines, Appendix 29) and receive OES approval prior to purchase (see Section 3000).

2342 Cost

The cost of a computer system must include all the expenses required to purchase, install and operate the system. These expenses include, but are not limited to hardware, software, maintenance, upgrade, training, conversion, technical assistance, consultants, programmers, analysts, furniture, supplies, modems, telephone lines, and connect time to mainframe or data centers. Computers and related expenses must be itemized in the budget pages of the Grant Award and described in sufficient detail to allow OES to assess their size and complexity.

Reasonable costs for Internet software, modems, and connection fees will be approved for all projects that do not already have Internet access, unless such expenditures are prohibited by the terms of the program.

2342.1 Community-based Organizations

Applicants from community-based organizations may budget up to \$25,000 in computer equipment, software, and related costs. OES will evaluate the proposed purchase on the basis of grant-related need. Applicants must receive OES approval prior to purchase.

If the implementing agency is a CBO sponsored by a unit of government, OES' policy for CBOs will apply to computer equipment, software and related costs incurred by the purchase and the related operational expense dictated by the purchase.

2342.2 Units of Government

Applicants from units of government may budget for computer equipment, software and related costs. OES will evaluate the proposed purchase on the basis of Grant related need. Applicants must receive OES approval prior to purchase.

Units of government establishing or enhancing criminal intelligence systems utilizing federal funds are also subject to *28 CFR Part 23*. Consult the specific terms of the program for information regarding additional requirements and approvals.

2342.3 Instructions – Computers and Automated Systems

To certify that all resources (e.g., hardware, software, personnel and telecommunications) to be utilized by this project are in compliance, the Project Director must submit a written justification (see Computer and Automated Systems Purchase Justification Guidelines, Appendix 29). This justification must accompany a signed Grant Award Face Sheet, (OES A301, Appendix 01) or be attached to a Grant Award Modification (OES 223, Appendix 7) and demonstrate that the purchase abides by applicable standards, policies and procedures for automated systems as contained within the terms of the program, the agency's local policies and operating procedures, and this *Recipient Handbook*.

2343 Lease to Purchase Agreement

If a lease to purchase is requested, a justification and cost analysis must be submitted to demonstrate that it is more cost effective to lease rather than purchase (see Lease/Purchase Analysis, Appendix 25).

If not previously authorized in the approved Grant Award, the justification and cost analysis (see Lease Purchase Analysis, Appendix 25) must be submitted with a Grant Award Modification (OES 223, Appendix 7), and the project must receive OES approval prior to the signing of the lease/purchase agreement. The justification must include documentation of cost effectiveness.

2350 Identification and Records

Projects must maintain a readily identifiable inventory of all equipment purchased wholly, or in part, with OES grant funds. Equipment must be noted in a log with a unique identification number affixed to the equipment, (serial number, property tag, etc) which correlates to that piece of equipment for as long as the equipment is owned by the Recipient. The project is responsible for maintaining all grant equipment in its possession.

Equipment purchased with grant funds must be available for review by Program Specialists and other OES staff during site and Monitoring visits. Equipment purchased in part or in whole with OES grant funds cannot be disposed of, traded, or sold without prior written OES approval.

2360 Title (This Section Deleted)¹⁶

2370 Losses/Replacements

Projects must safeguard equipment purchased with grant funds and are responsible for any losses. Lost, stolen, or destroyed equipment must be reported to OES in writing within 14 calendar days of the date of the loss. The report must include appropriate police reports, insurance claims and a letter signed by the Project Director explaining the circumstances involved and the precautions taken to prevent such loss. The report must also detail how the equipment will be replaced, timeframe for replacement, and the impact on Grant objectives without the use of the equipment. Actual losses, which could have been covered by allowable insurance, are not allowable unless specifically authorized by OES.

Damaged equipment that will not be repaired must be reported to OES on a Grant Award Modification (OES 223, Appendix 7) with a justification that explains how grant objectives will be achieved without the equipment.

Projects must obtain prior written approval from OES on a Grant Award Modification (OES 223, Appendix 7) before replacing, trading or otherwise disposing of grant equipment.

2380 Transfer of Title (This Section Deleted)¹⁷

¹⁶ Section 2360: This section has been deleted because of changes to Section 2310.

¹⁷ Section 2380: This section has been deleted due to changes in Section 2310.

3000 CONTRACTS AND PROCUREMENTS

3010 Responsibility

The project is the responsible entity, without recourse to OES, regarding the settlement and satisfaction of all contractual and administrative issues arising from contracts of the Recipient and Grant Award procurements. This responsibility includes is not limited to disputes, claims, and protests of awards.

Governmental entities must comply with applicable procurement laws and policies for their jurisdiction when contracting for goods or procuring services. Matters concerning violation of laws must be referred to the local, state, or federal authority having jurisdiction.

3100 DEFINITIONS

3110 Definition of Contracts

Contracts refer to the purchasing of services including, but not limited to, independent CPA audits, maintenance agreements, accounting services, and consultants. All contracts are subject to OES contract standards as outlined in this section.

3120 Definition of Procurement

Procurement refers to the contracting for and purchasing of goods necessary to carry out the project objectives. OES procurement standards apply to all contracts for goods, including office supplies, and equipment paid for in whole or in part by grant funds.

3200 APPROVALS (OR APPRAISALS) AND AUTHORITIES

3210 Approval of Contracts

3211 Contracts \$5,000 and Over

Contracts \$5,000 and over must meet the minimum standards set forth in Section 3410.

3212 Contracts Less Than \$5,000

Contracts less than \$5,000 must meet the minimum standards set forth in Section 3420.

3213 Contracts Over \$50,000

All contracts in excess of \$50,000 require OES prior approval. Requests for approval must include the procedures that will be used to comply with Section 3400.

3220 Approval of Procurements

All purchases must be allowable expenditures, as outlined in Section 2200 *et seq.* and in the terms of the program and, when required, have prior written approval from OES if the purchase of computers or automated equipment was not approved in the Grant Award (see Section 2341).

3300 GUIDELINES

Local units of government may use their own approved contracting and/or procurement policies except for contracts over \$50,000 (see Section 3213). CBOs or organizations without written contracting and procurement policies must follow the policies outlined in Section 3400.

3400 METHODS OF CONTRACTING AND/OR PROCUREMENT

Contracts and Procurement for all OES grants must be made by one of the methods described below.

3410 Formal Advertising

This refers to a process for contracting of services and/or a procurement process for purchases of \$5,000 or over in which a bidder is selected based on material submitted in a response to an Invitation for Bid (IFB) or RFP only. IFBs/RFPs must clearly define all requirements the bidder must fulfill for the bid or offer to be evaluated by the project. Bidders are not allowed to discuss or clarify any points after their bids have been submitted. A firm, fixed-price contract results, with no face-to-face negotiation.

3411 Invitation for Bid

An IFB is used to solicit prices for services or goods based on definitive specifications. It must include a clear and accurate description of the technical requirements for the services to be produced, or the material or product to be procured. The description must not contain features that unduly restrict competition.

The basic reason for establishing specifications for technical details for use in formal advertising is to convey to all bidders a complete, unvarying understanding of what is required. This calls for a clear and precise description not subject to varying interpretations.

3411.1 Invitation for Bid – Contracts

An IFB is used to solicit process for services and should state this: "Here is exactly what we want, how much will you charge us?"

3411.2 Invitation for Bid – Goods

"Brand name or equal" descriptions may be used as a means to define the performance requirements of a procurement. However, the product specifications features of the name brand must also be clearly specified.

3412 Request for Proposal

An RFP often does not provide a detailed description of what is to be provided. It is designed to solicit a proposal to solve a stated problem or meet a stated need. The proposal is the product of the bidder's creative thoughts and provides the detailed approach and description of what is to be accomplished or produced, as well as a price for the services or goods to be provided.

3412.1 Request for Proposals – Contracts

If a proposal does not provide a detailed description of what is to be provided, it should state this: "Here is what we wish to accomplish – how would you accomplish it for us and for how much?"

Proposals should include:

- a. A clear statement of the problem to be solved;
- b. Realistic terms as to what the contractor is to accomplish;
- c. Time schedules, including dates for awarding the contract, commencement of performance, submission of progress reports, and completion;
- d. Payment plans and schedule, as appropriate; and
- e. A requirement that the bidder include in the proposal:
 1. Description of qualifications, description of lead personnel, amount of time and personnel to be expended, and equipment and facilities to be utilized;
 2. Description of techniques to be used in solving the stated problem or meeting the stated need; and
 3. Total cost of the contract.

3413 Contract and Procurement Awards

Contract and Procurement awards must be made to the responsible contract or vendor whose bid or offer is responsive to the solicitation and is most advantageous to the project (price and other factors considered).

Any or all bids or offers may be rejected when it is in the project's best interest to do so, and such rejections are also in accordance with applicable federal, state, and local laws or ordinances, rules, regulations and policies.

3413.1 Contract Awards

Consideration should be given to such matters as contractor integrity, record of past performance, financial and technical resources and/or accessibility to the necessary resources. A bidder is considered responsible when it has been established that the bidder has the technical capability, financial capacity, sufficient staff, a satisfactory record of past performance, and is otherwise qualified and eligible.

3420 Informal Advertising

3421 Contracts and Procurements under \$5,000 do not require formal advertising. However, informal competition is still suggested for purchases between \$100 and \$4,999.

3422 Documentation showing the service providers or vendors contacted, including the vendor's name, address, telephone number, who provided the quote, the date contacted, and the prices quoted, must be maintained in the project's files for audit purposes. A minimum of three (3) vendors or two (2) State certified small businesses should be contacted.

3500 NONCOMPETITIVE BID (NB) REQUESTS

3510 General

A noncompetitive bid (NB) transaction shall be defined as a contract for goods or services, where only a single source that can provide the services or goods is afforded the opportunity to offer a price for the specified services or goods. (Contracts sometimes include goods as well as services, and this definition will also apply to those circumstances.)

The project must maintain documentation for justification of NB contracts under \$5,000, including professional services and consulting contracts. The documentation must include the information outlined in Section 3520, support the conditions listed below, and be maintained on file at the project's offices. Prior approval is required for NB contracts of \$5,000 or over.

3511 NB Request

NB is allowed only under the following conditions:

- a. When the goods or services required are available from only one contractor/vendor;
- b. When an IFB or RFP produces only one qualified bidder (see Section 3530);
- c. Emergency in nature (the contract is necessary for immediate preservation of public health, welfare or safety);
- d. The contractor meets a temporary or time limited employment need;
- e. No payment is made for services rendered; only per diem and travel is paid;
- f. The contract is solely for the purpose of obtaining expert witnesses for criminal trials;
- g. There is a maintenance agreement for equipment that is under documented warranty or where there is only one authorized or qualified representative or where there is only one distributor in the area for service;
- h. Proprietary software contracts;
- i. The contractor possesses unique features or is uniquely positioned to supply the required service; and
- j. Provide interim services while conducting competitive bid

3520 Justification Procedure

All NB contract for services or purchases of \$5,000 or over must be justified and have prior written approval from OES. A justification statement must be presented in the format provided below. See the Noncompetitive Bid Justification Request Checklist (Appendix 12) for a checklist used by OES to determine the appropriateness of a NB transaction.

3521 Justification Procedure – Contracts

3521.1 Include a brief description of the program or project and the services being contracted. This information must include the Grant Award number, contract amount, and pertinent background data.

3521.2 Explain the necessity to contract noncompetitively and how the price for the contract was determined, including:

- a. Expertise of contractor;
- b. Management capabilities to perform the tasks required;
- c. Contractor's responsiveness to need identified by the project;
- d. Contractor's relevant knowledge and experience; and
- e. Justification of the reasonableness of the cost. The following factors will be used in determining that the costs are justified:
 1. Cost information that is in sufficient detail to support and justify the contract;
 2. Cost information for similar services with differences noted and explained; and
 3. Special factors affecting the cost of the contract.

3521.3 Explain the uniqueness of the contract, including:

- a. Patents, copyrights;
- b. Facilities, investments; or
- c. Continuation of an existing project.

3521.4 Explain any time constraints including:

- a. When contractual coverage is required and why;
- b. Impact on project if dates are not met; and/or
- c. Time required for another contractor to reach the same level of competence. Equate to dollars, if possible.

3522 Justification Procedures – Procurement

Justification must include a description of the product to be purchased, the need for the specific brand and its relationship to the project. This information must include the Grant Award number, the cost or purchase amount and pertinent background data. It should explain the necessity of the purchase and how the price for the product was determined.

3530 One Bid Received or Considered Responsive

In a situation where NB is necessary because only one bid or proposal has been received or considered responsive, the following additional information is required:

- a. A copy of the IFB or RFP and the bidder's list;

- b. A description of the method used to solicit responses. Copies of newspaper ads and information outlining the development of the bidder's list must be included;
- c. A description of the follow-up activity performed to determine why other contractors did not submit a bid; and
- d. An explanation as to why it was not put out to bid again.

3600 ELEMENTS OF A CONTRACT OR PURCHASE ORDER/DOCUMENT

A contract or purchase order/document defines the relationship or agreement between the project and the contractor or vendor. All contracts and purchase orders/documents must be prepared in accordance with existing State policies and clearly define the responsibilities of all parties.

At a minimum, a contract or purchase document must include the following:

- a. Designation of the parties to the contract or the agreement;
- b. Term of the contract (period of performance) or agreement;
- c. Maximum amount and basis upon which the payment is to be made under the terms of the contract or agreement;
- d. For procurements – clear definition of the types and quantities of the products to be delivered including delivery schedules;
- e. For contracts – clear and complete statement of the work or services to be performed, rendered, or provided;
- f. Payment schedule based upon satisfactory delivery of services and/or goods at predetermined intervals including the amount or percentage of total payments to be withheld pending satisfactory completion of all terms and conditions of the contract or agreement; and
- g. Penalty clauses (punitive measures for when the contract is not being fulfilled).

3700 SELECTING A CONTRACTOR

Each proposal/bid should be evaluated to determine the proposal that will best meet the project's needs. The following are some criteria that should be included in the evaluation:

- a. Does the bidder understand the project's stated problems or needs?
- b. Is the approach to the problem or need reasonable and feasible?
- c. Does the bidder have the organization, financial solvency, resources, and experience to perform the assignment? Has the bidder had experience in similar areas?
- d. What are the professional qualifications of the personnel committed to the contract?
- e. What is the total cost?

3710 Independent Contractor/Consultant

Consultant services are either provided on a contractual or salary basis by individuals or organizations that are not employees of the project. Services provided by a salaried employee of an agency identified in an OA are not considered consultant services (see Sections 2237.4 and 4000). Independent contractors must not be used in lieu of employees. If the contract is \$5,000 or over, the project must hire the independent contractor through competitive bid; or submit a NB request to OES for prior approval. If less than \$5,000, the project must maintain documentation for justification of the NB contract (see Section 3500.)

Independent contractors are defined as individuals or organizations that meet any of the following criteria:

- a. Produce a specific product or service;
- b. Work independently without direct supervision from the project;
- c. Work on specific projects;
- d. Provide services for a limited number of hours or period of time; and/or
- e. Have no agency management or oversight responsibilities that are directed toward the financial success or direction of the agency.

There must be a signed, written agreement between the organization and independent contractor specifying the contract period, compensation rate, duties or obligations, and any other conditions of employment.

3710.1 Rates

The rate is to be negotiated by the Recipient in accordance with the agency's consultant hiring policies. The rate is the total amount payable including any and all benefits (see Section 3200).

The maximum rate for independent contractors is \$250 per hour (excluding travel and per diem costs). A request for compensation for over \$250 per hour must have prior approval from OES and additional justification.

3710.11 Exception to Rates

Compensation for independent contractors employed by state and local governments will be allowed when the unit of government will not provide their services without costs. In these cases, the rate of compensation is not to exceed the daily salary rate paid by the unit of government.

Such hires must meet the criteria set forth in Section 3500.

3710.2 Expert Witness Fees

Prosecution or criminal defense projects, routinely using "expert witnesses" as independent contractors to conduct evaluations and provide expert testimony in the courtroom may only charge for costs above that which the county is required to cover. The maximum allowable rate for such witness fees is \$250 per hour, and is not to exceed

\$2,000 per day. The total amount budgeted for expert witness fees must not exceed ten percent (10%) of the project's total budget.

Written justification for proposed expert witness cost must accompany a Grant Award Modification (OES 223, Appendix 7) if not previously approved in the Grant Award. The justification must include the following:

- a. Qualifications, training and experience of the expert(s), including a statement regarding recognition by the court of the individual as an expert;
- b. Specialized certification/license [e.g., Masters in Social Work (MSW), Licensed Clinical Social Worker (LCSW), Marriage, Family and Child Counselor (MFCC), Medical Doctor (MD)];
- c. Rate of pay per hour, including documentation of a survey of the availability of similar consultants, the current "going rate" and the proposed rate of pay, as well as a cost breakdown if the expert is paid according to services (e.g., mileage, waiting time, court testimony);
- d. Proposed services to be provided (e.g., analysis of forensic evidence, psychological evaluation); and
- e. Reason why this cost cannot be paid with county or other funds.

3800 CONTRACT LIMITATIONS

Specific provisions for contracting with individuals, other government units, and non-government organizations are as follows:

- a. Organizations funded by OES shall comply with IRS requirements related to consultants;
- b. Employees of a state or local government entity cannot be individual contractors if they engaged in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract while employed in any capacity by any state, local agency or department;
- c. Travel and per diem costs must be in conformance with project policies;
- d. Preparation and travel time may not be included without adequate written justification; and
- e. Equipment purchase and/or leases may not be included in consultant contracts.

3900 CONTRACT PROVISIONS

Consultant contracts must adhere to, but are not limited to the following:

- a. Applicable requirements of the terms of the program must be incorporated into all consultant contracts;
- b. The project must require source documentation of consultants that supports contract billings. Time and attendance reports must support hours charged, travel vouchers detailing the purpose, time, and destination must support travel claims, and purchase orders, invoices, etc., must support operating expense claims. This requirement does not apply to fixed fee contracts;

- c. Compensation, travel, and per diem rates must be specified in the consultant's contract and must comply with those of the project or be more restrictive;
- d. Performance must be measurable. Objectives and timetables must be clearly stated. Progress reports must be required, at least quarterly, to insure services are provided in compliance with the contract;
- e. Dual compensation (i.e., payment to a party more than once for the same work) must be specifically excluded; and
- f. Settlement of disputes between the project and the consultant is the responsibility of the project. OES is not responsible or obligated to or for the consultant and will not intervene in disputes between the consultant and the project.

3910 Drug-Free Workplace Certification Requirements

All contractors paid by OES grant funds must comply with the provisions of Section 2152 requiring Drug-Free Workplace Certification (STD. 21, Appendix 28). The contractors must notify their employees that they are prohibited from engaging in the unlawful manufacture, distribution, dispensation, possession or use of controlled substances.

4000 OPERATIONAL AGREEMENTS

4100 DEFINITION

An Operational Agreement (OA) is a formal agreement between a Recipient and one or more participating agencies. The OA reflects the roles each agency will play in achieving the goals of the project. In this respect an OA differs from a Contract for the procurement of goods and/or services from businesses or other governmental agencies that are not active participants in the implementation of the project (see Section 3000). The term Operational Agreement also includes documents entitled Memorandum of Understanding, Letters of Intent, or other titles, but which serve the same purpose.

4200 ESTABLISHING OPERATIONAL AGREEMENTS

In many programs, an OA may be required by the terms of the program. In such instances the terms of the program will provide instructions concerning the agencies/organizations that must be included in an OA with the Recipient for the implementation of the project. In addition to any programmatic requirements for an OA, Recipients are encouraged to establish an OA with any agency that will be an active participant in the implementation of the project. At a minimum, an OA is required for any transfer of grant funds from the Recipient to a participant agency. Unlike the procurement process, Recipients are not required to use a competitive bid process to select participating agencies for an OA. Recipients are expected to select participant agencies that are the best equipped to support the implementation of the project. However, participating agencies must be units of government or non-profit community based organizations.

4300 ELEMENTS OF AN OPERATIONAL AGREEMENT

A sample OA is provided in Appendix 11. Recipients are allowed to use their own format for the OA. However, the following elements must be included in the OA:

- a. Name of Recipient and the participating agency in the OA. If the OA applies to more than one participating agency, all participating agencies must be named;
- b. The titles and contact information for the individuals that will serve as the primary contacts for the OA;
- c. The time frame of the agreement;
- d. The roles and responsibilities of each participating agency in the OA. The Recipient is always presumed to be the lead agency unless otherwise specified in the OA. The OA should clearly delineate specific tasks that will be performed by the Recipient and participating agencies (e.g., referrals, provision of staff, or overall responsibility for a portion of the project);
- e. Specific information concerning the transfer of any grant funds from the Recipient to a participant agency in the OA. At a minimum this information must include the total amount of grant funds that will be transferred, the process for transferring the grant funds (e.g., advanced payment, monthly invoices, payment based on deliverables), what the grant funds will be used for, and any match contribution provided by the participating agency. Any funds included in the OA must be clearly designated in the Grant Award budget;

- f. Specific information concerning all non-fiscal resources shared between the Recipient and the participating agency in the implementation of the project. This includes shared equipment, staff time, office space, or other resources contributing to the implementation of the project;
- g. Reporting requirements established by the Recipient to collect information necessary for the Recipient to meet OES reporting requirements; and
- h. Signatures of the chief executives of the Recipient and the participating agencies in the OA, accompanied by the dates of those signatures.

4400 REQUIREMENTS OF PARTICIPATING AGENCIES

Recipients are required to ensure that any participating agency receiving grant funds through an OA complies with all applicable requirements of the terms of the program and the provisions of this *Recipient Handbook* concerning the use of grant funds. These include, but are not limited to, the following requirements:

- a. Participating agencies receiving grant funds for personnel costs must comply with the provisions of Sections 2120 through 2140.4, 2151, 2152, 2154, 2155, 2156 and 2170 through 2175;
- b. Participating agencies receiving grant funds for operating expenses must comply with the provisions of Sections 2200 through 2249;
- c. Participating agencies receiving grant funds for equipment costs must comply with the provisions of Sections 2300 through 2370;
- d. Any procurement made by participating agencies with the use of grant funds must comply with the provisions of Sections 3000 through 3910; and
- e. Any original publications developed by participating agencies must comply with the provisions of Sections 5000 through 5400.

4500 PARTICIPATING STAFF¹⁸

The term Participating Staff refers to salaried employees of a participating agency assigned to work with the Recipient on the implementation of a grant project. The agreement between the Recipient and the participating agency concerning participating staff must be reflected in the OA. Grant related costs associated with participating staff must be itemized in the Operating Expenses category of the Grant budget.

¹⁸ Section 4500: This is a new section for the purpose of defining and clarifying the term “participating staff”.

5000 MULTI-MEDIA MATERIALS, COPYRIGHTS AND PATENTS

5100 PUBLICATIONS

5110 Definition

The term “publications” includes brochures, posters, videotapes, DVD/CDs, or other multi-media materials. This does not include transient information published solely on a project’s web site.

5120 OES Review

Where activities supported in part or in full with OES grant funds produce original publications, the project must notify OES 60 calendar days in advance of any intended publication. This notification must be in addition to the Grant Application and subsequent award. Upon request from OES, the project must submit a request for approval for the materials to be published.

If OES requests to review the publication, the project may not publish the material until OES provides final written approval. The project must also furnish OES with two (2) copies of the final product within 30 calendar days of publication.

5130 Income

As long as OES maintains ownership, any income resulting from the sale or distribution of publications produced in part or in full by OES grant funds is subject to the provisions of Section 6610 as project income.

After disposition and transfer of title, no report of income generated by the publication will be necessary unless otherwise required by OES.

OES reserves the right to retain ownership and require additional reporting of generated income beyond the Grant Award period or cycle on exceptional publications as deemed necessary.

5140 Transfer of Publication Title

After the completion of the Grant Award period or funding cycle (whichever is later), transfer of title and/or copyright may be approved by OES upon certification that any profits derived from or generated by the publication will be used for criminal justice related activities; or to further the original intent of the Grant Award. In determining whether or not to approve transfer of title, OES will consider programmatic and fiscal performance conditions, the potential for project income, and the applicability and cost to the field in general. The Transfer of Publication Title (OES 131, Appendix 23) should be submitted to OES as a separate request. Disposition of title to any publication will be determined by OES.

5200 CREDITS AND DISCLAIMERS¹⁹

Publications produced in part or in full with grant funds may require the following credit reference: "This publication was financially assisted by the Governor's Office of Emergency Services (OES)."

OES may also require that the publication include the following disclaimer statement: "The opinions, findings, and conclusions in this publication are those of the author and not necessarily those of OES. OES reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, and use these materials and to authorize others to do so."

OES reserves the right to require additional information in the publication. These statements must be placed in a visible location at the beginning and/or end of the published materials. Projects producing publications should consult their assigned OES Program Specialist to coordinate the appropriate credit reference.

5300 COPYRIGHTS AND RIGHTS IN DATA

All activities supported under the Grant Award agreement are considered "work made for hire" as defined under *Title 17 USC Section 101*, and shall include but is not limited to, publications, original computer programs, writings, sound recordings, pictorial reproductions, drawings or other geographical representations and works of any similar nature. With regard to any "work made for hire," OES owns all rights comprised in the copyright, and therefore OES reserves a royalty-free, nonexclusive and irrevocable license to reproduce, publish and use such materials, in whole or in part, and to authorize others to do so.

5400 PATENTS

If any discovery or invention arises or is developed in the course of, or as a result of, work performed, in whole or in part, with OES grant funds, the project must refer the discovery or invention to OES. Determination of rights to inventions or discoveries shall be made by OES, or its duly authorized representative, who shall have the sole and exclusive power to determine whether or not and where a patent application should be filed, and to determine the disposition of all rights to such inventions or discoveries, including title to and license rights under any patent application or patent which may be issued.

In all cases, OES shall acquire at least an irrevocable, nonexclusive, and royalty-free license to practice and have practiced anywhere without limitation, for governmental purposes, any invention made with OES grant funds.

¹⁹ Section 5200: Language has been added referring the Recipient to the assigned OES Specialist for coordination of credit references.

6000 FINANCIAL REPORTING

6100 NOTIFICATION OF GRANT AWARD

The Grant Award application is approved after the OES director or designee has signed the Grant Award Face Sheet (OES A301 Appendix 1). With this approval, the Grant Award package is forwarded to the Project Director.

6100.2²⁰ Upon receipt of the signed Grant Award Agreement and passage of the State Budget, projects may submit a Report of Expenditure and Request for Funds (OES Form 201, Appendix 9), for costs incurred as of the beginning of the grant period specified on the Grant Award Agreement.

6200 ENCUMBRANCES AND LIQUIDATION EXPENDITURES

6200.1 Funds may only be used for the purpose authorized in the Grant Award and must be accounted for as specified in this *Recipient Handbook* (see Section 6400).

6210 Definition of an Encumbrance

6211 An encumbrance occurs when funds are set aside to pay for a particular expense. This is an accounting transaction, which should be recorded appropriately. The funds now are committed to a specific use and are no longer available for other expenditures.

Since the goods or services have not been received, the project legally owes nothing to the vendor or supplier.

An encumbrance is defined by the following three characteristics:

- a. The expenditure is approved in the original budget or a subsequent Grant Award Modification (OES 223, Appendix 7);
- b. A formal written order or request (i.e., requisition) is approved by the Project Director or designated official prior to the end of the grant period; and
- c. A purchase order/contract has been submitted to the vendor or supplier of goods or services.

6220 Liquidation Expenditures

In order for cash expenditures made during the liquidation period to be claimed on the final Report of Expenditures and Request for Funds (OES 201, Appendix 9) these expenditures must have: (1) met the definition (see Section 6210) and (2) been financed by an encumbrance *recorded prior to the end of the grant period*. (Recorded: formal entry in accounting records). The liquidation period exists to allow projects time to receive ordered goods or services and make final payments. The Recipient may not incur any new expenses or obligations during the liquidation period and claim them against the OES grant. The liquidation period is the 90-calendar day timeframe immediately following the end of the grant period.

²⁰ Section 6100.2: This section has been rewritten for clarity.

6300 REPORT OF EXPENDITURES AND REQUEST FOR FUNDS (OES 201)²¹

Funds may be disbursed after:

- a. the Grant Award has been fully executed by OES;
- b. the grant period has begun;
- c. the State Budget has passed; and
- d. OES has received the original Report of Expenditures and Request for Funds (OES 201, Appendix 9). Instructions for completing the Report of Expenditures and Request for Funds (OES 201, Appendix 9) are included with the form.

Address

All warrants will be mailed to the designated payment mailing address indicated in Section 12 of the Grant Award Face Sheet (OES A301 Appendix 1). If this address changes, a Grant Award Modification (OES 223, Appendix 7) listing the address change must be submitted, before warrants will be mailed to the new address. **Letters from projects changing a permanent mailing address will no longer be accepted.**

Funds Requested

The Recipient must expend cash before claiming an expenditure on the Report of Expenditures and Request for Funds (OES 201, Appendix 9). The Recipient must not request funds for expenses that have not been paid when the Report of Expenditures and Request for Funds (OES 201, Appendix 9) is submitted. Balances must not exceed the approved budget. If a budget category is over expended, the amount requested and current expenditure columns on the Report of Expenditures and Request for Funds (OES 201, Appendix 9) will be reduced by that amount.

6310 Monthly Report of Expenditures and Request for Funds

6311 Advance Payments²²

6311.1 Advance of State Funds – Expenditures on a Monthly Basis

CBOs that elect to report expenditures and request funds on a monthly basis, receive state funds, and have certified to cash flow problems may request an advance payment immediately after the Grant Award has been approved by OES and the Grant Award period has begun (see Section 6311.4). The maximum amount advanced is 17 percent (17%) of the State portion of the total Grant Award, less matching funds.

OES will liquidate the advance as designated by the Recipient on the Report of Expenditures and Request for Funds (OES 201, Appendix 9). If the project does not report sufficient expenditures to cover the advance, the OES will bill the project for the outstanding amount of the advance immediately upon completion of the Grant Award.

²¹ Section 6300: This section now includes passage of the State Budget as criteria for the submission of the OES 201.

²² Section 6311: This section reflects changes in procedures for liquidating advance payments.

6311.2 Advance of State Funds – Expenditures on a Quarterly Basis

CBOs that elect to report expenditures and request funds on a quarterly basis and all other Recipients which receive state funds, and have certified to cash flow problems, may request an advance payment immediately after the Grant Award has been approved by OES and the Grant Award period has begun (see Section 6311.4.). The maximum amount advanced is 25 percent (25%) of the State portion of the total Grant Award, less matching funds.

OES will liquidate the advance (OES 201, Appendix 9) on the Report of Expenditures and Request for Funds (OES 201, Appendix 9). If the project does not report sufficient expenditures to cover the advance, OES may bill the project for the outstanding amount of the advance immediately upon completion of the Grant Award.

6311.3 Advance of Federal Funds

Projects receiving federal funds will not receive an advance of federal grant funds.

6311.4 Certification for Advance of Grant Funds (OES 202)

Projects must complete a Certification for Advance of Grant Funds (OES 202, Appendix 6) in order to certify cash flow problems and request an advance of grant funds.

The Certification for Advance of Grant Funds (OES 202, Appendix 6) is attached to a Report of Expenditures and Request for Funds (OES 201, Appendix 9), which reports no expenditures.

6312 Monthly Report of Expenditures and Request for Funds

CBOs must report expenditures and request funds on a monthly basis, unless they elect to Request to Submit Quarterly Reports of Expenditures and Request for Funds (OES 203, Appendix 16).

6312.1 With the exception of the first and final payment requests, projects must submit a Report of Expenditures and Request for Funds (OES 201, Appendix 9) to the OES within 30 calendar days of the end of the report period, whether or not funds are requested. Projects must also submit their final Report of Expenditures and Request for Funds (OES 201, Appendix 9) no later than 30 days after the end of the liquidation period.

The claimed expenses must be grant-related (i.e., they must further the project objectives as defined in the Grant Award agreement) and be incurred during the grant period. OES reserves the right to make the final determination if an expense is allowable and necessary.

6320 Quarterly Report of Expenditures and Request for Funds

6320.1 All Recipients other than CBOs must report expenditures and request funds on a quarterly basis unless specifically authorized by OES. [CBOs – see Request to Submit Quarterly Reports of Expenditures and Request for Funds (OES 203, Appendix 16) for quarterly request.]

6320.2 With the exception of final payment, projects are required to submit a Report of Expenditures and Request for Funds (OES 201, Appendix 9) within 30 calendar days of

the end of the report period, whether or not funds are being requested. The first three months of the grant period will be the first quarter.

- 6320.3** The claimed expenses must be grant-related (i.e., they must further the project objectives as defined in the Grant Award agreement) and be incurred during the grant period. OES reserves the right to make the final determination if an expense is allowable and necessary.

6330 Final Report of Expenditures and Request for Funds

- 6330.1** The project must submit the final Report of Expenditures and Request for Funds (OES 201, Appendix 9) no later than 30 calendar days after the end of the liquidation period. If the Recipient does not submit a final Report of Expenditures and Request for Funds (OES 201, Appendix 9) within 120 days from the end of the Grant Award period, OES may consider the last Report of Expenditures and Request for Funds (OES 201, Appendix 9) submitted as the final, and close out the Grant Award. Once the OES has processed the final Report of Expenditures and Request for Funds (OES 201, Appendix 9), the grant will be closed and no further payment activities against the grant will be permitted.

- 6330.2** This Section Deleted²³

6340 Double Billings

Projects are prohibited from billing other federal, state, or local agencies for goods and/or services that have been billed and/or reimbursed to the project by OES.

6400 ACCOUNTING SYSTEM AND STRUCTURE

- 6400.1** The project must establish and maintain an adequate accounting and internal administrative control system.
- 6400.2** The Recipient is required to establish and maintain an accounting system that at a minimum includes the general ledger accounting structure, subsidiary accounting records, and procedures that define how and by whom the funds are handled. The accounting records must identify the receipt and the expenditure of all OES funds. Overall, the accounting system should conform to Generally Accepted Accounting Principles (GAAP).
- 6400.3** The accounting system must fully record the amount and disposition of all project funds. Accounting records must show receipt of funds and expenditures by source (e.g., federal, state, or local).
- 6400.4** Match funds and related expenditures must be identified in the accounting records (i.e., general ledger) and reported on the Report of Expenditures and Request for Funds (OES 201, Appendix 9).
- 6400.5** A fund accounting system must be maintained that ensures all OES income and expenditures are separately identifiable from non-OES funds.
- 6400.6** Financial institutions used for the deposit of grant funds must be insured by the Federal Deposit Insurance Corporation (FDIC) or the Federal Savings and Loan Insurance Corporation (FSLIC).

²³ Section 6330.2: This section has been deleted. OES no longer automatically holds 5% of the Grant.

6400.7 Accounting systems for OES projects may be on a cash, accrual, or modified accrual basis. **NOTE: Report of Expenditures and Request for Funds (OES 201, Appendix 9) payment requests should be made only on a cash basis as specified in Section 6300.**

6400.8 Cash Basis

Under a cash basis system, revenue is not recognized when it is earned, but rather only when the payment is received. Similarly, expenses are recognized when they are paid, not when they are incurred.

6400.9 Accrual Basis

Accrual basis revenue is recognized in the accounts when the transaction occurs (when earned), regardless of the period in which the related cash is collected. Expenses are recognized and matched with the revenue of the period to which it relates, regardless of when it is paid.

6410 Modified Accrual Basis

Modified accrual basis is a compromise between the cash and accrual systems used by most governmental units. Revenues are recognized either when they are received in cash (e.g., licenses or fines) or when collection of the amounts can be reasonably estimated to be received in the near future (e.g., property taxes). Expenses are generally recognized in the period in which goods and services are received or a liability is incurred.

6410.1 The accounting system must provide accurate and current financial reporting information. All accounting records and supporting documentation must maintain a clear audit trail.

6410.2 The project must establish and maintain a system of internal accounting control adequate to safeguard grant assets, review the grant accounting and financial data for accuracy and reliability, and promote operational efficiency.

6420 General Ledger Account Structure

6420.1 Expenditures of grant funds must be recorded in categories which parallel the Grant Award:

- a. Personal Services;
- b. Operating Expenses; and
- c. Equipment

6420.2 All general ledger account entries must be supported by the subsidiary records and the original source documentation. The format of the subsidiary records is determined by the project. The project must be able to show with documentation (i.e., work sheet) that general ledger entries can be traced (reconciled) to the Report of Expenditures and Request for Funds (OES 201, Appendix 9).

6500 MATCH REQUIREMENTS

6510 Definitions

6511 Cash Match²⁴

Cash match, also known as hard match, is income from a source other than state or federal funds that is budgeted for the project. When used to augment the project, cash expenditures for items such as personnel, facilities and supplies may be considered cash match, if not in violation of the prohibition on supplanting. A cash match must be specifically identified by line item as match in the budget.

6512 In-Kind Match

6512.1 In-kind match, also known as soft match, is the project's contribution of non-cash outlay of materials or resources to support a percentage of the OES Grant Award activities. It may include non-cash outlay contributed by other public agencies and institutions, private organizations and individuals. Examples include donated office supplies, equipment, professional services and volunteer time. In general, the value of in-kind contributions is determined by fair market value, which must be separately identified in the budget.

6512.2.1 In-kind match is not allowable unless specifically allowed in the terms of the Program.

6512.3 If the terms of the Program allow in-kind contributions (e.g., volunteer services) for match, projects should document actual time worked by using a time reporting system such as sign-in and sign-out sheets which are completed by the volunteer and contain the signed approval by the supervisor.

Another method is to use the volunteer staff schedule. Volunteer staff initial and indicate the days/hours worked and the supervisor signs and dates the schedules to indicate approval.

6512.4 Projects must maintain documentation to support the claimed hourly salary rate of the volunteer services. The rate claimed should be comparable to the rates for paid employees performing similar duties. Published rates will not be allowed unless projects can provide evidence that the rates are comparable.

The documentation maintained should include duty statements for the volunteer positions and the comparable paid employee positions and information regarding the hourly salary rates paid to those particular employees. The hourly volunteer rate used, multiplied by the volunteer hours worked, total the dollar amount of the in-kind contributions. This calculation and the other referenced documentation should be maintained as part of the accounting records.

6512.5 Costs associated with volunteers may be claimed. These costs should be determined using the same methods used when calculating costs associated with employees.

²⁴ Section 6511: This section contains new language requiring all cash match to be specifically identified by line item in the budget.

6520 Match Categories (Allowable/Non-allowable)

6521 Asset Forfeitures

Assets from federal or state forfeiture proceedings are allowable match if permitted by the terms of the program.

6522 State Funds Matching State or Federal Funds

State and/or federal funds can be used to match other state and/or federal funds *only* if all of the following conditions have been met:

- a. The other funding source does not prohibit this practice;
- b. The funds are to be used for identical activities (e.g., to augment the project); and
- c. The project has obtained prior written approval from OES, or the terms of the program allow this practice.

6530 Required Match

The required match is specified in the terms of the program.

6540 Over Match

Projects are encouraged to budget only that match which is required. All match specified in the budget is part of the Grant Award, is subject to all programmatic restrictions, audit requirements, and cannot be reduced by the project once the grant proposal is approved.

6550 Calculating the Match

Match is calculated using one of two methods based either on the total project cost or on the percent of grant funds allocated to the project. The method required is generally specified in the authorizing legislation or the terms of the program. If this is not the case, the match must be calculated using the total project cost method.

6550.1 Match on Total Project Cost

To calculate the match, subtract the required match percent from 100 percent (100%), divide the Grant Award amount by this difference to determine the total project cost, and then subtract the Grant Award amount (the OES allocation) to determine the match amount. The following example below demonstrates how to calculate the amount of a ten percent match (10%) on a \$50,000 allocation, based on Total Project Cost.

Example

<i>Grant Award Amount</i>	=	<i>\$50,000</i>
<i>Divide \$50,000 by 9 (100 minus 10 = 90)</i>	=	<i>\$55,555 (Total Project Cost)</i>
<i>Subtract Grant Award Amount</i>	=	<i>\$50,000 (90%)</i>
<i>Local Match</i>	=	<i>\$5,555 (10%)</i>

6550.2 Match on Percent of Funds Allocated

To calculate the match, multiply the Grant Award amount (the OES allocation) by the required match percent. The example below demonstrates how to calculate the amount of a ten percent (10%) match on a \$50,000 allocation, based on percent of funds allocated.

<i>Example</i>		
<i>Grant Award Amount</i>	=	<i>\$50,000</i>
<i>Percent of Cash Match</i>	=	<i>10%</i>
<i>Multiply \$50,000 by .10</i>	=	<i>\$5,000 (Amount of match)</i>

6560 Changing the Type of Match

Projects will normally not be allowed to change the type of match included in the grant once the grant budget has been approved. If a change in the match is requested, the following forms must be submitted to OES:

- a. A completed Grant Award Modification (OES 223, Appendix 7) indicating any applicable changes in the budget categories and a written narrative describing the changes to the type of match and justification for the changes; and
- b. Revised budget pages.

All in-kind match must be separately identified.

6570 Reporting²⁵

Reporting of expenditure of match contributions need not be made in exact proportion to the expenditure of grant funds. However, the full match contribution must be expended before the grant expires in order to receive all funds allocated.

The expenditure of both cash and in-kind contributions should be reported on the Report of Expenditures and Request for Funds (OES 201, [Appendix 9](#)) as the expenditures occur. The percentage of match expenditures reported may vary from the budgeted match percentage. The full match contribution must be expended before the grant expires in order to receive all funds allocated.

Match funds and related expenditures must be identified in the accounting records (e.g., general ledger), reported on the Request of Expenditures and Request for Funds (OES 201, Appendix 9), and in the audit report (see Section 8141).

²⁵ Section 6570: This section has deleted old language concerning the previous practice of deducting match on a percentile basis.

6600 PROJECT AND OTHER INCOME

6610 Project Income

6610.1 Project Income Generated by the Use of State Funds

For project income generated by the use of State funds, project income is defined as the profit resulting from income received by the Recipient generated as a direct result of an OES grant-funded project. Profit is the amount of income remaining after deducting costs.

Types of income that relate directly to a grant and generate project income include the following:

- a. Client fees;
- b. Interest earned on generated income;
- c. Registration fees;
- d. Sale of publications, videos, and other project generated materials and
- e. Asset forfeitures.

Donations should not be recognized as project income, as grant funds cannot be used for organized fundraising (see Section 2243).

Project income must be used by the project for any purpose that furthers the objectives of the program under which the grant was awarded.

Project income cannot be used, as an OES required cash match, unless specifically allowed in the terms of the program.

Example

A Recipient sponsors a conference and collects \$1,000 in registration fees. The conference materials and room rental costs \$800. The reportable project income is \$200 (\$1,000 in total income less \$800 in costs). The project would then submit a Project Income Reporting Transmittal (OES 234, Appendix 26) indicating how the income was earned and a proposal on how to reallocate the income.

6610.2 Project Income Generated by the Use of Federal Funds

For project income generated by the use of Federal funds, project income is defined as all income received by the Recipient generated as a direct result of a grant supported activity. The portion of project income must be accounted for up to the same ratio of federal funds participation as funded in the project. For example, if the project is funded with 25 percent (25%) of federal funds, that percentage is the amount of project income that the Recipient must account for.

Types of income that relate directly to a grant and generate project income include the following:

- a. Client fees;
- b. Interest earned on generated income;
- c. Registration fees;
- d. Sale of publications, videos, and other project generated materials; and
- e. Asset forfeitures.

Donations should not be recognized as project income, as grant funds cannot be used for organized fundraising (see Section 2243).

Project income shall be used by the Recipient for any purpose that furthers the broad objectives of the legislation under which the award was made (i.e., expanding the project, continuing the project, obtaining equipment or other assets needed for the project, or for the other activities that further the statute's objectives).

Project income may only be used for allowable project costs. Project income cannot be used as an OES required cash match, unless specifically allowed in terms of the program.

Example

A Recipient sponsors a conference and collects \$1,000 in registration fees. The reportable project income is \$1,000. The project would then submit a Project Income Reporting Transmittal (OES 234, Appendix 26) indicating how the \$1,000 income was earned and a proposal on how to reallocate the income, including costs incurred while generating the income (e.g., Conference costs).

6610.3 Asset Seizures and Forfeitures

All income received from the sale of seized and forfeited assets (personal or real property) or from seized and forfeited money as a result of grant related activity shall be reported as project income.

Project income may be retained by the entity earning the project income or used by the project for any purpose that furthers the objectives of the program under which the grant was awarded.

The project may use project income funds from seized and forfeiture assets as match.

Example

A Recipient receives \$1,000 of the seized assets. The reportable project income is \$1,000. The project would then submit a Project Income Reporting Transmittal (OES 234, Appendix 7) indicating how the income was earned and a proposal on how to reallocate the income.

6610.4 Records of receipt and disposition of project income must be maintained in the same manner as required for grant funds (see Section 6400). Project income must be reported at least once a quarter on a Project Income Reporting Transmittal (OES 234, Appendix 26) indicating how the income was earned, and a proposal on how to reallocate the income. Project income cannot be expended prior to the approval of the Project Income Reporting Transmittal (OES 234, [Appendix 26](#)).

A separate Project Income Reporting Transmittal form (OES 234, Appendix 26) must be submitted when reporting the actual expenditure of project income. The expenditures must be shown in the same categories as approved.

Unless additional restrictions on the disposition of project income are contained in the terms of the program, project income must be:

- a. Used by the project for a purpose that furthers the objectives of the project for which the grant was made, such as expanding the project, continuing the project, and obtaining equipment or other assets needed for the project; or
- b. Deducted from the total project cost to offset the state's share of costs.

6610.5²⁶ Project income that exists at the end of the grant period, or that does not have prior approval, must be refunded to OES. The proportion that is refunded pertains to the ratio of federal/state funds participation as funded in the project. (i.e., if seventy-five percent (75%) of the grant is federal/state funds and the other twenty-five percent (25%) is from the Recipient, then seventy-five percent (75%) of the project income left at the end of the grant period must be refunded to OES and the Recipient retains the other twenty-five percent (25%). This does not apply if otherwise specified in the terms of the program. OES will refund the project income to the appropriate state/federal agencies.

6610.6 This Section Deleted

6620 Interest Income

Interest income is defined as income earned by local units of government and community based organizations on advances of federal grant funds. Interest income must be reported at the end of the funding year on an OES Statement of Interest Income (OES 224, Appendix 17). Recipients may retain up to \$100 of the interest earned per funding year on all federal grants from all federal and state sources. Any interest over \$100 per funding year must be refunded to OES. The form and a check for the amount of interest income to be refunded should be attached to the final Report of Expenditures and Request for Funds (OES 201, Appendix 9). This does not apply to state agencies, including state institutions of higher education, state hospitals, or if otherwise specified in the terms of the program.

6630 Other Income

In rare cases, a Recipient may receive a refund due to an over-estimate of the employer's contribution to the Public Employees Retirement System (PERS), and the contribution has been charged to a grant as an employee benefit cost. If the overpayment refund is received within the grant's funding cycle (even if the Grant Award period has ended), the Recipient may claim the refund as project income. As project income, the refunded money must be handled in accordance with Section 6610.4. The refund may not be expended

²⁶ Section 6610.5 and Section 6610.6: Section 6610.5 has been rewritten for clarity and has incorporated Section 6610.6.

prior to receipt of OES' approval on a Project Income Reporting Transmittal (OES 234, Appendix 26).

7000 CHANGES TO GRANT AWARD

7100 GENERAL

Most changes to the Grant Award must be approved by OES.

There are two methods of changing the Grant Award as described in Sections 7110 and 7130.

7110 Amending the Grant Award

Amendments are changes to the approved grant period and/or increases/decreases to the dollar amount. Amendments are necessary in order to:

- a. change the grant period;
- b. change the Grant Award amount; or
- c. change the Recipient name.

These changes are discussed under Sections 7200 and 7300.

7120 Approval of Amendments

The following documents are required to request an amendment of a Grant Award:

- a. An OES Grant Award Amendment Form (OES 513, Appendix 8), with the original signature of the person designated by the governing board (see Section 2113); and
- b. Revised budget pages if increasing or decreasing the funds awarded

If the original resolution does not authorize amendments (an increase/decrease of grant funds and/or an extension of the Grant Award period); a new resolution from the governing board must be obtained and made available for review upon request.

7130 Modifying the Grant Award

Modifications are changes to the approved Grant Award modifications include:

- a. Budget modification (see Section 7500);
- b. Adding a new line item to the personal services/benefits or equipment categories;
- c. Change in key personnel (see Sections 2110 and 2174);
- d. Change in goals, objectives, or activities;
- e. Changes to the liquidation period;
- f. Noncompetitive Bid approval (see Section 3500);
- g. Consultant approval (e.g., expert witness);
- h. Out-of-state travel approval;
- i. Changes in operational agreements; and

- j. Changes in the type of match.

In addition, OES reserves the right to require a Grant Award Modification (OES 223, Appendix 7) for any change in the Grant Award agreement.

7140 Approval of Grant Award Modifications

A Grant Award Modification (OES Form 223, Appendix 7) is required to modify a Grant Award.

All required modifications must be submitted on the Grant Award Modification form (OES 223, Appendix 7) and will be effective upon OES' written approval. Oral agreements are not binding on either party.

- 7141** Instructions for completing the Grant Award Modification (OES 223, see Appendix 7) are on the reverse side of the form. Completed forms are to be mailed to OES.

7200 GRANT AWARD EXTENSIONS

7210 Definition

An extension is a change in the Grant, which affects the length of the Grant period.

7220 Extensions of Grant Periods

- 7221** Extensions of grant periods may be requested for unavoidable delays beyond the project's control, including but not limited to the following:

- a. Insufficient time to complete the project objectives;
- b. Extreme difficulties in acquiring adequate staffing of the project;
- c. Sudden or unexpected termination of the Project Director or other responsible officers;
- d. Delays in processing grant modifications and/or amendments;
- e. Delays caused by acts of legislative or judicial bodies;
- f. A strike which affects the performance of the project; or
- g. Natural disasters affecting project performance.

- 7222** Documentation for extensions must be in writing. The request should be received by OES at least 30 calendar days prior to the conclusion of the Grant Award period. Oral requests for extensions do not bind either OES or the Recipient (see Section 7240).

- 7223²⁷** Projects that have not received written approval of the extension OES by the end of the grant period and continue to operate, do so at their own risk. There is no guarantee that the extension will be approved by OES, or reimbursement will be made for expenditures incurred after the grant period.

²⁷ Section 7223: This section has been renumbered from 7225 to 7223 for consistency.

7230 Considerations

In reviewing the Grant Award extension request, the following may be considered:

- a. Past and current performance;
- b. The availability of funds;
- c. Timely submission of completed fiscal and program reports; and
- d. Circumstances and justification for the request.

7240 Extension Procedures

To request an extension, the following must be submitted to OES:

- a. An OES Grant Award Amendment Form (OES 513, Appendix 8) with original signature of the person authorized to sign the Grant Award; and
- b. A completed and signed Grant Award Modification (OES 223, Appendix 7).

In addition, OES may require additional documentation.

7300 AUGMENTATIONS

7310 Definition

An augmentation is an increase in the dollar amount of the approved Grant Award.

7320 Considerations

An augmentation is initiated by OES. OES will consider at least the following factors in determining whether or not to augment a project:

- a. Availability of funds; and
- b. Programmatic and/or State needs.

7330 Augmentation Procedures

To process an augmentation request, the following forms must be submitted:

- a. An OES Grant Award Amendment Form (OES 513, Appendix 8), with original signature of the person authorized to sign the Grant Award;
- b. A completed and signed Grant Award Modification (OES 223, Appendix 7); and
- c. Revised budget pages indicating the new total project costs.

If the original bond does not cover the increased Grant Award funds, the Recipient must submit certification of increased coverage within 30 calendar days of the approval of the amendment request (see Section 2160).

OES may require additional documentation.

7400 REDUCTION TO GRANT AWARD

7410 Definition

A reduction is a decrease to the funds awarded in the approved Grant Award.

7420 Considerations

A reduction is initiated by OES or at the request of the Recipient. OES will consider at least the following factors in determining whether or not to decrease funding to a project:

- a. Failure to comply with grant requirements;
- b. Availability of funds; and
- c. Project's expenditure pattern.

In the event it becomes necessary to decrease project funds, the project will be officially notified in writing by OES.

7430 Reduction Procedures

To process a decrease in Grant Award funds the following must be submitted:

- a. An OES Grant Award Amendment Form (OES 513, Appendix 8), with an original signature of the person authorized to sign the Grant Award;
- b. A completed and signed Grant Award Modification (OES 223, Appendix 7); and
- c. Revised budget pages indicating the reduced total project costs.

7500 BUDGET MODIFICATION

7510 Definition

A budget modification is a Grant Award Modification (OES 223, Appendix 7) that changes the approved budget but does not change the Grant Award amount or the grant period.

7520 Prior Approval

7521 Prior approval is required for budget modifications which:

- a. Transfer funds from one approved budget category to another;
- b. Reallocate personnel, the time period involved, the individuals involved, the salaries paid, and/or the percentage of time worked;
- c. Reallocate personnel, the time period involved, the individuals involved, the salaries paid, and/or the percentage of time worked for those identified as consultant positions in the Operating Expenses Category; and
- d. Add a new line item to the currently approved equipment category.

Revised budget pages may be required for approval.

7522 If prior approval is not obtained, the grant reimbursement may be reduced by the amount of the unauthorized expenditure(s). Unauthorized expenditures may also result in audit issues.

7530 Budget Modification Procedures

7531 Budget modifications must be submitted on a Grant Award Modification (OES 223, Appendix 7) and approved before the expenditure is reported (or ordered, contracted for, etc.) on a Report of Expenditures and Request for Funds (OES 201, Appendix 9). Any changes to budget categories as a result of a modification must be reflected on the next Report of Expenditures and Request for Funds (OES 201, Appendix 9) after the change is approved. A budget modification may not be submitted to resolve questioned/disallowed costs resulting from an audit.

7600 MODIFICATION OF PROJECT OBJECTIVES

Project objectives may only be modified during the first seven (7) months of the original grant period, unless otherwise approved. Requests to modify objectives after the seventh month must cite justification showing that the need to modify arose out of circumstances beyond the project's control, including but not limited to the following:

- a. Extreme difficulties in acquiring adequate staffing for the project;
- b. Sudden or unexpected termination of necessary project personnel;
- c. Delays in processing grant modifications and/or amendments;
- d. Delays caused by acts of legislative or judicial bodies;
- e. A strike which affects the performance of the project; or
- f. Natural disasters affecting project performance.

7610 Procedures

Modifications to project objectives must be submitted on a Grant Award Modification (OES 223, Appendix 7) indicating the following:

- a. Written justification for the project objective changes being requested; and
- b. Applicable changes in the budget (if there are none, type "NO CHANGE" in the budget section).

7620 Approval

All modifications to project objectives require prior OES approval in writing. Modifications to statutorily required objectives are not permissible.

7700 EXTENSION OF LIQUIDATION PERIOD

7710 Definition

The liquidation period is the 90 calendar days following the grant period.

The request for the extension of the liquidation period must be submitted within the first 60 calendar days of the liquidation period.

7720 Considerations

The following will be considered:

- a. Past and current performance;
- b. The availability of funds;
- c. Timely submission of completed fiscal and program reports; and
- d. Circumstances and justification for the request.

7730 Procedures

To request an extension of the liquidation period a completed and signed Grant Award Modification (OES 223, Appendix 7) must be submitted to OES.

8000 AUDITS

8100 AUDIT REQUIREMENTS

8101 Audit Reporting Compliance

To safeguard OES assets and to ensure all funds are accounted for, OES requires all organizations receiving an OES Grant Award(s) be audited (via a single audit, financial statement audit in accordance with Government Auditing Standards (GAS), or grant specific audit). The audit report must be submitted within nine months after the fiscal year or grant ends (see Section 8120 for exception). Financial accountability and compliance require all funds to be expended in accordance with federal and state laws, rules and regulations, the terms of the program, and the OES *Recipient Handbook*.

8102 Timely Submittal of Audit Reports²⁸

Projects may be suspended, terminated or withdrawn if the required audit is not performed, and/or the audit report is not submitted within nine months after the end of the grant period as identified in Section 8120.

8103 Audit Plan (This Section Deleted)²⁹

8104 This Section Deleted

8105 This Section Deleted

8110 Scope of Audit

The audit shall be made by an independent auditor (qualified state or local government auditors or independent public accountants licensed by the State of California) as defined in Chapter 3, Paragraphs 3.03 through 3.32 of the *Governmental Auditing Standards* (GAO Standards) promulgated by the Comptroller General of the United States (revision 2003).

The standard states: "In all matters relating to the audit work, the audit organization and the individual auditors, whether government or public, should be free both in fact and appearance from personal, external, and organizational impairments to independence."

The audit must be performed in accordance with the financial audit requirements of the Government Auditing Standards (GAO Standards) published by the United States General Accounting Office (revised 2003).

8111 The audit must consider provisions contained in the terms of the program and the OES *Recipient Handbook*.

8112 The audit shall cover the entire grant period or an interim audit period if applicable and report on the revenues and expenditures of the grant (see Section 8215 for expenditures format reporting requirements).

²⁸ Section 8102: This section has been rewritten for clarity.

²⁹ Section 8103, Section 8104, Section 8105: These sections have been deleted as Recipients are no longer required to submit an audit plan.

8113

The auditor shall determine the following:

- a. The financial statements of the organization present fairly its financial position and the results of its financial operations in accordance with generally accepted accounting principles.
- b. The organization has internal accounting and administrative control systems to provide reasonable assurance that it is managing the program in compliance with applicable laws, regulations, policies addressing the expenditures of grant funds, and the *OES Recipient Handbook*.
- c. The organization has complied with laws, regulations, and the *OES Recipient Handbook*, that may have a material effect on its financial statements and on the OES funded project.

8120**Frequency of Audit**

Audits must be completed and submitted to the OES Audits Unit no later than nine months after the close of the Recipient's fiscal year or grant period (see Section 13600).

However, if grant funded projects have been granted an augmentation and extension for 12 or 24 months, then an audit must be completed for each year (see Section 8132). Projects are allowed to budget for a separate audit for each year of the extended grant (see Section 8157).

8130**Securing Audits**

Projects must arrange for a financial audit (as defined by GAO Standards) for each grant in accordance with OES policy. The Single Audit Act Amendment of 1996, Office of Management and Budget Circulars A-133 or A-110 and subsequent circulars should be considered in securing the audit. If there is a conflict in audit requirements, OES policy will supersede. If the project does not comply with the audit requirements, special conditions may be placed on any current and future Grant Award agreement(s) to require the project to comply. Subsequent Grant Awards may be denied or current Grant Awards may be withheld or terminated.

8131**Grants Less Than \$500,000**

Under the provisions of the Office of Management and Budget (OMB) Circulars A-133, Recipients expending total federal awards of less than \$500,000 per year are exempt from performing a single audit. However, OES Recipients are not exempt from performing a financial audit. Section 8132 defines audit threshold requirements for all Recipients receiving state and/or federal funded grant from OES.

8132**Audit Report Threshold Requirements**

Recipients expending total federal or state awards of less than \$25,000 per year are exempt from performing a financial audit. However, these grants must maintain appropriate records to document grant compliance, and are subject to audit by OES. Recipients who expend \$25,000 or more in OES State and/or Federal grant funds are required to submit a financial audit.

8140 Relation to Other Audit Requirements

Organizations, which are required to procure annual single audits in accordance with the provisions of the Single Audit Act Amendment of 1996, and subsequent circulars or who elect to have an organization-wide audit, may include the OES grant in their single audit or organization-wide audit. An organization can display OES grant expenditures in total or by cost category in the Schedule of Federal Assistance. If displayed in total, the audit report must include a separate categorical reporting schedule. The categorical report schedule must identify the following:

- a. Revenues and expenditures by cost category (personal services, operating expenses, and equipment) for each grant;
- b. Each grant number;
- c. Grant period;
- d. Audit period; and
- e. Revenues and expenditures by match cost category (personal services, operating expenses, equipment) for each grant.

Whichever method is used, reporting by cost category is *required*; there are no exceptions.

Revenues and expenditures for each grant must be shown separately in the audit report. Each grant must be identified by the Grant Award number.

8141 All grants, state and federal, that have a match requirement (cash and/or in-kind), must separately identify in the audit report the revenues and expenditures by cost category (personal services, operating expenses, and equipment) made to meet the match requirement.

8142 If the financial audit report does not include the entire grant period, then the project is required to secure an audit to cover the remaining grant period. The remaining grant period may be included in the organization's subsequent financial report.

8150 Audit Costs

8151 Grant-funded projects are required to secure a financial audit and are allowed to budget for the audit costs. Specifically, the audit costs are as follows:

- a. If the total grant allocation is less than or equal to \$150,000, the project may budget up to \$2,000 for the financial audit costs for one audit per year for each year of the grant; or
- b. If the grant allocation is greater than \$150,000, the project may budget up to one and a half percent (1.5%) of the total grant for the financial audit costs.

8152 In order for the project to claim audit costs, the costs must be designated as a separate line item within the operating expenses budget category and be encumbered prior to the end of the grant period. Encumbering audit costs means the project has the audit costs designated and approved in the original budget or added as a line item during the grant period and have selected a CPA/auditor prior to the end of the grant.

8153 Estimated audit costs related to an OES grant may be claimed for an audit that will not be completed prior to submission of the final Report of Expenditures and Request for Funds (OES 201, Appendix 9). The project must maintain documentation to support the estimated audit costs (i.e., copy of the CPA/auditor's audit fee schedule, executed audit contract or audit proposal).

8154 Audit costs for interim audits (i.e., audits that do not cover the entire grant period) should be claimed on the final Report of Expenditures and Request for Funds (OES 201, Appendix 9). As noted above, estimated audit costs may be claimed for an audit to be completed after submitting the final Report of Expenditures and Request for Funds (OES 201, Appendix 9). Therefore, when the grant period is contained within two audit reports, the audit costs claimed on the final Report of Expenditures and Request for Funds, (OES 201, Appendix 9) will consist of actual and estimated costs.

Example

The grant period is July 1, through June 30. The project's audits are conducted on a calendar year basis (January 1 through December 31). The audit costs for the July through December 31, portion of the grant can be determined when that calendar year audit is complete, and the costs for the January 1 through June 30, portion have to be estimated. The audit costs claimed on the grant's final Report of Expenditures and Request for Funds (OES 201, Appendix 9) will consist of actual costs for the first six months of the grant (July 1 through December 31) and estimated costs for the remaining six months of the grant period (January 1 through June 30).

8155 Carryover of grant funds from one grant period to the next is not allowable, including multi-year grants. Claimed expenses must be incurred during the grant period (see Section 6312.2). Any expenditures claimed on the Report of Expenditures and Request for Funds (OES 201, Appendix 9) and submitted after the grant period must be recorded in the Recipient's books of account as of the grant period, with the exception of those Recipients reporting on a cash basis. However, those that are reporting on a cash basis must encumber (see Section 6200) the funds and reflect it in their accounting records for that grant period.

8156 If the amount of the actual audit cost is less than the amount of the estimated audit cost, the project must return the difference to OES.

8157 Grant funded projects are allowed to budget for additional audit costs related to augmentation and extension for each year of the extended grant, if an audit is required (see Section 8132).

8160 **Special Provision for Accounting Services**

Recipients may be required to contract for accounting services to ensure that appropriate internal controls exist to account for grant funds. Funds for this purpose may be re-directed from existing grant funds.

8200 AUDIT REPORTS

Audit reports must be prepared at the completion of the audit. The report must comply with the financial audit reporting standards contained in the Government Auditing Standards (GAO Standards) published by the U.S. General Accounting Office (revised 2003). Audit reports, which do not meet the standards, will not be accepted until the deficiencies are corrected.

The Recipient should provide section 8000 of the *Recipient Handbook* to the CPA/auditor to ensure that the audit report meets OES requirements.

The audit report shall state that the audit was made in accordance with the GAO Standards (i.e., *Governmental Auditing Standards*, promulgated by the Comptroller General of the United States) or generally accepted government auditing standards (GAGAS) for financial audits. For OES grant/program specific audits, the audit report shall also state that the audit was performed in accordance with the OES grant Audit Program (if used) and certain provisions of the *OES Recipient Handbook*.

Public accountants performing government audits must also state that the audit was made in accordance with the generally accepted auditing standards (GAAS).

8210 Audit Report Content

The audit report must contain Sections 8211 through 8216 and meet the GAO Standards referred to in Section 8200.

8211 The auditor must include an opinion on financial statements or financial reports and related items.

The auditor is required to refer to the separate reports on compliance with laws and regulations and internal controls in the report on the financial statements.

8212 The auditor's report on their understanding of the entity's internal control structure and the assessment of control risk made as a part of the financial statement audit or a financial related audit should include:

- a. The scope of the auditor's work in obtaining an understanding of the internal control structure and in assessing the control risks;
- b. Deficiencies in internal control considered to be reportable conditions as defined in the AICPA standards;
- c. All instances of fraud and illegal acts unless clearly inconsequential; and
- d. Significant violations of provisions of contracts or Grant Agreements and abuse. In some circumstances, auditors should report fraud, illegal acts, violations of provisions of contracts or Grant Agreements, and abuse directly to parties external to the audited entity.

8213 The auditor's report on compliance contains:

- a. Reporting deficiencies and/or violations of the provisions of contracts or Grant Agreements, and abuse; and;

- b. An identification of any questioned or disallowed amounts for each Grant Award, as a result of noncompliance.

8214 In addition to the audit report, the Recipient shall provide comments on all findings and recommendations referred to in the report, including a plan for corrective action taken or planned and the implementation date.

8215 The audit report must include a categorical reporting schedule. The categorical reporting schedule must identify the following:

- a. Revenues and expenditures by cost category (personal services, operating expenses, and equipment) for each grant;
- b. Each grant number;
- c. Grant period;
- d. Audit period; and
- e. Revenues and expenditures by match cost category (personal services, operating expenses, equipment) for each grant.

8216 If certain information is prohibited from general disclosure (privileged and confidential information), the report must state the nature of the information omitted and the requirement that makes the omission necessary.

8217 **Management Letters**

Audit reports, which refer to a management letter, are required to submit a copy of the management letter along with the audit report to OES.

8220 **Report Distribution³⁰**

8221 Send one (1) copy of the required audit report to:

Governor's Office of Emergency Services
Grants Management Branch
3650 Schriever Avenue
Mather, CA 95655

This requirement is applicable to:

- a. all Recipients with annual grant expenditures less than \$500,000;
- b. all Recipients with annual grant expenditures of \$500,000 or greater who had a program-specific audit performed; and
- c. all nonprofit Recipients with annual grant expenditures of \$500,000 or greater who had a single-audit performed.

8222 Recipients reporting to boards of directors must provide copies of all grant-related financial audit reports and all grant-related program Monitoring reports to their boards of directors.

³⁰ Section 8220: This section now clarifies reporting requirements.

8230 Failure to Submit an Audit Report

Failure to submit an audit report or submission of a late audit report will result in special conditions being placed on the grant to comply with audit requirements, the withholding of grant funds, or denial of subsequent Grant Awards.

8240 Access to Audit Documents

OES and its authorized representatives have access to all audit reports, audit working papers, correspondence, or other documents related to the audit reports and Grant Award.

8250 Quality Control Review

Audit reports submitted by qualified state and local government auditors and independent CPA firms may be randomly selected for a quality control review of the CPA/auditor's working papers. The CPA/auditor will be notified when a review will be conducted.

8260 Right to Perform Audit or Review

OES reserves the right to perform audits or reviews of any Grant Award at any time.

8300 OES AUDIT PROCESS

The following describes the audit process for audits performed by the OES Audits Unit:

a. Entrance Conference

The auditor meets with the Recipient to discuss the scope of the audit.

b. Field Work

The auditor is on-site at the project performing the audit work to meet the audit objective.

c. Draft Report

A transmittal letter and draft report is issued. The draft report describes any administrative findings, questioned costs, and disallowed costs identified during the audit. The Recipient must provide, within seven (7) calendar days of the exit conference, a written response and any supporting documentation that relates to the findings and questioned/disallowed costs. If a response is not submitted, the findings, questioned costs, and costs recommended for disallowance are considered final.

d. Exit Conference

The auditor meets with the Recipient to formally discuss the results of the audit.

e. Final Report

The auditor considers the Recipient's response to the draft report and may revise the audit report. The Recipient's response is included in the final audit report. The final audit report is then issued to the Recipient and becomes a public document.

8400 QUESTIONED/DISALLOWED COSTS IDENTIFIED IN AN AUDIT

When costs are questioned or recommended for disallowance, and the Recipient cannot support the costs claimed through original source documents and general ledger entries, policies and approvals, OES will invoice the Recipient to return the funds.

If the questioned costs or costs recommended for disallowance are a material amount in relation to the grant, a hold may be placed on all current grant funds.

8500 INDEPENDENT CPA/AUDITOR REPORT REVIEW PROCESS

CPA/auditor financial audit reports of grants are reviewed to ensure that audit requirements in Section 8000 are met. An audit report review letter is issued to the Recipient indicating whether the audit requirements were met.

If the audit report is not approved, the letter specifies the deficiencies and the time frame to correct the deficiencies. The letter identifies questioned costs or costs that were recommended for disallowance and inadequate responses to administrative findings noted in the review of the audit report.

Failure to timely respond to OES Review Letters of the audit reports submitted by the Recipients may result in disallowed cost (see Section 9200 Disallowed Costs), withholding or grant funds or denial of subsequent Grant Awards.

8600 FINANCIAL TECHNICAL ASSISTANCE (This Section Deleted)³¹

8601 Procedures to Request Financial Technical Assistance (This Section Deleted)³²

8602 Audit Programs and Internal Control Questionnaires

The CPA/auditor performing a grant specific audit can request a copy of the OES grant specific audit program and can elect to perform the audit based on the OES audit program. In addition to the audit programs, OES has internal control questionnaires and sample audit reports available to the CPA/auditor upon their request.

The audit program details the scope and procedures to be performed for the grant specific audit. The internal control questionnaires provide the areas that must be documented and evaluated in order to prepare the report on internal controls.

8800 DEFINITION OF TERMS

8801 Administrative Findings

These findings are the auditors' recommendations for correcting any deficiencies disclosed by the CPA/auditor's study and evaluation of internal accounting and administrative controls.

Examples of administrative findings include, but are not limited to:

- a. Inadequate separation of duties among employees;

³¹ Section 8600: This section gave a definition of financial technical assistance.

³² Section 8601: This Section gave instructions for requesting financial technical assistance.

- b. Untimely preparation of Report of Expenditures and Request for Funds (OES 201, Appendix 9);
- c. Lack of written procedures;
- d. The general ledger does not agree with the Report of Expenditures and Request for Funds (OES 201, Appendix 9); and
- e. Inadequate or lack of time sheets.

8802 Disallowed Costs

Disallowed costs are costs that the CPA/auditor has documentary evidence beyond a reasonable doubt that the project is in violation of legislative or regulatory requirements or specific grant conditions.

8803 Full Period Grant Audit

The financial audit covers the full grant period.

8804 Interim Grant Audit

The financial audit does not cover the full period of the grant.

For example, a grant is awarded from July 1, through September 30, of the subsequent year. The audit report covers the period July 1, through June 30 of the subsequent year. The project is required to secure a financial audit to cover the remaining Grant period, July 1, through September 30, of that year.

8805 Questioned Costs

Costs which require additional supporting documentation from the project or which require an interpretation from OES as to whether or not the costs are allowable.

8900 SEPARATION OF DUTIES

8910 General Guidelines

A key element in a system of internal control is separation of duties. This section provides the appropriate level of separation of duties. Employees of units other than the accounting unit may be used, when necessary, to provide separation of duties. Members of the same family (e.g., husband, wife, brother, sister, daughter or son) are considered one person for the purposes of separation of duties. Adequate internal control provides that no one person may perform more than one of the following types of duties:

1. Receiving and depositing cash receipts.
2. Authorizing cash disbursements.
3. Preparing checks.

4. Operating a check signing machine.*
5. Comparing machine-signed checks with authorizations and supporting documents (or signing checks manually after personally comparing them with authorizations and supporting documents).*
6. Reconciling bank statements (+) and post to the General Ledger.*
7. Preparing or initiating invoices.

*** Will not have access to or control of blank check stock.**

(+) The canceled checks must be delivered unopened to the person responsible for the bank reconciliation function and must be safeguarded by that person until the reconciliation is complete.

Employee's assigned duties 1, 2, 3, 4, 5, or 7 will **not** keep more than one of the books of original entry concerning receipts, disbursements, or invoices, however employees assigned duty 6 above may do so.

Employees receiving or depositing remittances may keep the cash receipts register, employees preparing checks may keep the cash disbursements register, and persons preparing invoices may keep the invoice register.

If the size of the project does not allow for separation of duties, the project must establish other procedures to mitigate that weakness. Projects can alleviate the problem by increasing supervision of staff or by enlisting board members to perform some functions in order to achieve adequate separation of duties.

The following is a separation of duties chart for cash receipts, disbursements, and other related duties that illustrate generally the minimum division of responsibilities to ensure adequate separation of duties. Additional division of responsibilities within each duty can be beneficial.

Duty	Employee						
	1	2	3	4	5	6	7
Receiving and depositing cash receipts	✓						
Endorsing Checks	✓						
Maintaining cash receipts register	✓						
Preparing or initiating invoices		✓					
Approving invoices			✓				
Maintaining invoice register		✓					
Preparing checks				✓			
Operating a check signing machine					✓		
Comparing machine-signed checks with authorizing and supporting documents or manually signing checks after comparing them with authorizations and supporting documents						✓	
Maintaining cash disbursement register				✓			
Mailing or distributing checks	✓						
Reconciling bank accounts & posting to the general ledger							✓
Maintaining other book of original entry							✓

Refer to Sections 2112 and 6300 for the required separation of duties between the Project Director and the Financial Officer.

9000 AUDIT RESOLUTION

OES is responsible for resolving all questioned/disallowed costs identified in Recipient's audit reports.

9100 DISPOSITION OF AUDIT ISSUES

The Governor's Office of Emergency Services will notify the project in writing of the disposition of audit issues. The OES may consider additional documentation relating to questioned/disallowed costs.

If the project does not respond in writing to the questioned/disallowed costs within the 30 calendar day period specified in the audit results letter sent out by OES, OES report review of the audit report will be considered resolved and OES will invoice the project for the questioned and/or disallowed costs. If a project requires more than the 30 calendar day period to respond to the questioned/disallowed costs in the audit results letter, it must submit a written request to OES within the 30 calendar day period requesting an extension of time to respond to the audit report. An explanation justifying the need for additional time to respond to the audit must accompany the request.

9200 DISALLOWED COSTS

9210 Invoice for Repayment

The project will be invoiced for costs disallowed by OES. The project must pay the invoiced amount within 30 calendar days from the invoice date. If full payment of disallowed costs causes an undue hardship to the project, the project may submit a written request to OES to pay under a specified payment schedule. The term of the payment schedule shall not exceed a 12-month period, unless otherwise authorized by OES.

9220 Repayment of Disallowed Costs (This Section Deleted)³³

9230 Sanctions for Nonpayment

If the project does not comply or is delinquent in complying with the payment requirements imposed by OES, a hold may be placed on any funds due to the project and/or full amount of disallowed costs owed will be due and payable. In addition, OES may take additional action, as appropriate, including, but not limited to, denying future grants and reducing the amount of any payments requested by the project on a Report of Expenditures and Request for Funds (OES 201, Appendix 9).

³³ Section 9220: This section which previously addressed repayment of disallowed costs has been incorporated into Section 9210.

10000 REPORTING PROJECT ACTIVITIES AND ACHIEVEMENTS

10100 PROGRESS REPORTS

10110 Purpose

Progress Reports serve as a historical record of the implementation of the project. The Progress Report documents the project's progress in achieving the objectives in accordance with the terms of the program and provides a mechanism by which the Recipient can identify problems encountered in the implementation of the project.

10111 Source Documentation

Funded projects are required to participate in data collection and submit progress reports. Projects must keep accurate records as source documentation to support the information reported in the Progress Report.

These records must be retained by the project for at least three years from the date of the termination of the grant or the date the final fiscal and program reports are submitted to OES, whichever is later. During programmatic monitoring and site visits, OES will review these records for accuracy and compare that data to the progress reports submitted by the project.

Projects are to retain source documentation for progress reports on a quarterly basis, regardless of submission requirements. The progress reports provide project staff and OES with a formal process to document ongoing grant activities and project progress toward the achievement of stated program goals. All progress reports are reviewed by Program Specialists and retained in the project's award file at OES.

Review of Records

Acceptance of a grant obligates the project to allow employees and/or authorized representatives of OES unrestricted access to inspect, copy, and audit all pertinent books, documents, papers, and records, including redacted confidential records.

10120 Submission

Unless otherwise specified in the terms of the program, OES requires one status report and two progress reports for the grant period. The status report covers the first three months of the grant's operation. A progress report is due at the end of each six-month period of the grant. The first progress report will contain information about the first six months of operation, and the second report will contain cumulative figures for the twelve-month grant period.

All projects are required to submit an original and one copy of the status/progress report to OES. These are due 30 calendar days after the end of the reporting period. For example, if the reporting period ends October 31, the report must be submitted to OES by November 30.

Failure to submit a report on time may result in the withholding or disallowance of grant payments, the reduction or termination of grant funds, and/or the denial of future grant funding.

10120.1 Reports for Extended Grants³⁴

If the grant period is extended, additional progress reports may be required. Contact your OES Program Specialist for the additional requirements.

10130 Final Payment ³⁵

Final payment of the grant funds may be withheld until receipt of the following:

- a. Written response, when appropriate, to conditions placed on the Grant Award;
- b. All required progress reports, including those covering the period for which an approved Grant Award extension has been authorized;
- c. Any additional reports required by federal, state, or OES guidelines; and

A final Report of Expenditures and Request for Funds (OES 201, Appendix 9).

Funds may be withheld or terminated and future grant funding may be denied if the project has not complied with the terms and conditions of the Grant Award in a timely manner (see Section 12000).

10200 PROGRAMMATIC TECHNICAL ASSISTANCE

Programmatic technical assistance is available to all projects upon request. Requests for on-site technical assistance should be made in writing by submitting the Request for Programmatic Technical Assistance (OES 651, Appendix 19), via letter or email directed to the appropriate program branch. Technical assistance may be provided on-site or over the phone.

10300 SITE VISIT

10310 Purpose

The purpose of a technical assistance/site visit is to make an on-site assessment of current project conditions and to provide technical assistance. As part of the assessment, the *Recipient Handbook* and terms of the program will be reviewed with the Recipient.

These visits are for OES staff to provide on-site technical assistance to the project, which may include the following:

- a. Provide information that will assist the project in meeting program goals;
- b. Review project objectives to determine if they are achievable;
- c. Review project activities to determine if they will reasonably result in achievement of the objectives;
- d. Review the project's source documentation and data collection process;
- e. Review the project's Report of Expenditures and Request for Funds (OES 201, Appendix 9) to determine whether any adjustments are needed;

³⁴ Section 10120.1: This section has been modified to allow OES flexibility in requiring additional reports.

³⁵ Section 10130: This section has been revised to remove the reference to the 5% hold.

- f. Review the Monitoring process with project staff so they know what to expect during future visits; and
- g. Review the progress reports to determine if they are complete and accurate.

10320 Timeframe

Newly funded grant projects will normally receive a site visit within the first six months of the grant period. In addition, projects will normally receive a site visit at least once in each three-year grant cycle.

10330 Follow-up

Projects determined to be progressing satisfactorily will receive a letter acknowledging their current status. Projects that require corrective action may be required to submit a corrective action plan or will receive a letter outlining appropriate corrective action.

10400 MONITORING

10400.1 Definition

A Monitoring visit is an on-site assessment of the programmatic, administrative, and fiscal components of an OES-funded project. The resulting Monitoring report provides a detailed review of the project and identifies, in limited scope, areas in which the project is and is not in compliance with the applicable laws, regulations, policies and program requirements. The Monitoring report is a useful tool that helps guide the Recipient and the Program Specialist as they work together to develop a corrective action plan (CAP). Corrective action is viewed by OES as a constructive, strengthening process for Recipients. Generally, the Monitoring visit does not affect the Recipient's funding.

10410 Monitoring Requirements and Access to Records

Projects are Monitored for compliance with the applicable laws, regulations, policies and program requirements.

Acceptance of the Grant Award Agreement obligates the project to allow OES staff and/or its authorized representatives unrestricted access to all project books, documents, papers, and records, for inspection, copying, Monitoring, and auditing.

OES reserves the right to conduct unannounced Monitoring visits.

10420 Standard Monitoring Procedures

OES staff will normally provide two month's written notice prior to the Monitoring visit. A letter is sent to the Project Director and copied to the finance director informing the project of the date of the Monitoring, and the grant(s) and time period(s) to be monitored. The individual(s) responsible for preparing the Report of Expenditures and Request for Funds (OES Form 201, Appendix 9), the progress report, and the oversight of grant related activity should be available during the Monitoring visit to answer questions.

A field document will be provided to the Recipient prior to the Monitoring visit to assist the Recipient in preparing for the visit. At the end of the Monitoring visit the Monitor will review the findings with the Recipient.

10421 Scope of Monitoring

The OES Monitoring process complies with the intent of federal and state requirements. The process assesses programmatic, administrative, and fiscal components of the project. The review of fiscal compliance is not an audit and cannot be used to replace OES audit requirements.

10422 Monitoring Field Document

The Monitoring Field Document is designed and developed specific for each program in accordance with the applicable laws, regulations, policies and program requirements.

10430 Monitoring Report

The Monitoring report provides a "Summary of Monitoring" and a narrative report, which includes the areas of compliance and noncompliance. The approved Monitoring report will be sent to the Recipient.

10431 No Findings Identified

If no findings are identified in the Monitoring report, it becomes final and the Monitoring process is complete.

10432 Findings Identified

If findings are identified in the Monitoring report, the Recipient will receive a Monitoring Report Response Form. The Recipient has 30 calendar days to submit the Monitoring Report Response Form to:

Governor's Office of Emergency Services
Monitoring and Audits Section
Attention: <Program Monitor's Name>
3650 Schriever Avenue
Mather, CA 95655

There are three ways a Monitoring report becomes final:

1. The Recipient submits the Monitoring Report Response Form and agrees the report is accurate as of the date of the Monitoring.
2. The Recipient submits the Monitoring Report Response Form, finds the report is inaccurate as of the date of the Monitoring, provides documentation to support its position, and the disputed finding(s) is/are resolved (see Section 10434).
3. The Recipient does not submit the Monitoring Report Response Form.

Once the Monitoring report is finalized, the Monitoring and Audits Branch will forward a copy of the Recipient's response and any OES response to the appropriate Program Specialist.

10433 Corrective Action Plan Process

For findings identified in the final Monitoring report, the Recipient and the Program Specialist are responsible for developing a corrective action plan. The plan must be

implemented and the technical deficiencies resolved within six months of the finalization of the Monitoring report.

Six months after the report is finalized, OES will conduct a follow-up inquiry to verify the status of the corrective action plan.

10434 Disputed Findings

Program compliance findings not resolved will be forwarded to the appropriate OES Program Specialist.

Recipients may dispute findings in the Monitoring report on the Monitoring Report Response Form (see Section 10432). The Recipient must provide documentation to support its position that the finding(s) is/are in error. OES staff will work with the Recipient to resolve the dispute.

10435 Sanctions

If the project does not complete the required corrective action, OES may take action as appropriate including, but not limited to:

- a. Withhold or reduce the amount of any payments requested by the project on a Report of Expenditures and Request for Funds (OES 201, Appendix 9);
- b. Reduce the amount of the current Grant Award agreement;
- c. Terminate the current Grant Award agreement, after providing 14 calendar days written notice to the project (unless OES determines that good cause exists to waive the 14 calendar day notice); and/or
- d. Restrict future funding (see Summary of OES' Past Performance Policy, Appendix 27).

10436 Final Action by OES

After a project has completed all corrective actions required by OES, a letter will be sent notifying the project that all required actions are completed. The Recipient should maintain the letter on file for three years. The Monitoring report and any subsequent corrective action documentation are then considered public documents.

11000 RECORDS

11100 GENERAL

Agencies are required to maintain accurate, complete, orderly and separate records for each OES-funded grant. All grant records and documents must be adequately protected from fire, theft or other possible damage or loss. When stored away from the project's principal office, an index of the records' location must be maintained and ready access to the files must be ensured.

11110 Audits/Monitoring

All project books, documents, papers and records relating to the project must be accessible to OES or authorized representatives, and in the case of projects receiving federal funds, the Comptroller General of the United States (or authorized representatives), for inspection and audit.

11200 RETENTION AND REVIEW REQUIREMENT

11210 Retention of Records³⁶

All grant records must be retained for three years from the date of the termination of the Grant Closeout letter prepared by OES. If the Recipient's source documentation records are retained in a database system, it must cover the entire three-year period and be retrievable. If an audit, investigation, review, litigation, or any other action occurs during the Recipient's three year retention period, the Recipient shall retain the records until the resolution of such audit, investigation, review, litigation, or any other action, or until the end of the three year period, whichever is longer.

11300 DOCUMENTATION REQUIREMENTS

11310 Fiscal

The retention requirement extends to books of original entry, source documents, supporting accounting transactions, the general ledger, subsidiary ledgers, personnel and payroll records, canceled checks, and related documents and records.

11311 Bank Statements and Reconciliation

Each month the cash balance shown in the accounting records (e.g., general ledger and/or cash disbursements register) should be reconciled with the cash balance shown on the bank statement.

11312 General Ledger Account Entries

All general ledger account entries for revenues and expenditures must be supported by subsidiary records, if used, and the original source documentation, canceled checks and bank statements. If the bank does not return canceled checks, the carbon copy of the check or the check stub must be retained. Source documentation includes invoices, bills and vouchers. The format of subsidiary records is determined by the project. The project

³⁶ Section 11210: This section has been rewritten for clarification.

must be able to trace the general ledger entries to the Report of Expenditures and Request for Funds (OES 201, Appendix 9).

The project can use worksheets to document how expenditures are taken from the general ledger and recorded on the Report of Expenditures and Request for Funds (OES 201, Appendix 9).

11313 Duplicate Deposit Receipts

The project must maintain copies of the deposit receipts. The receipts must show the source of the receipt (e.g., OES, county, city, United Way, donations) and filed with the applicable bank statement.

11314 Canceled Checks

Canceled checks are checks written by the project that have been processed by the bank. Each month canceled checks must be reconciled with the bank statements. If the bank does not return canceled checks, the carbon copy or the check stub must be used.

11315 Vouchers

Vouchers include the following:

- a. Purchase orders;
- b. Receiving reports which show the items which are received from the vendor;
and
- c. Vendor invoices – When invoices are paid, they must be marked as PAID with the check number to prevent the likelihood of paying the same invoice twice.

11320 Programmatic

The records retention requirement extends to supporting documentation, statistical records and all other records pertinent to Grant Awards, Grants, or contracts under Grants. Funded projects must retain source documents that substantiate information on required OES reports that include:

- a. Progress Reports;
- b. Grant Award Modifications (OES 223, Appendix 7);
- c. Evaluation Data Reports; and
- d. Any other records the project is directed by OES to maintain.

11330 Payroll Records

11331 Functional Time Sheets³⁷

All grant-funded personnel must maintain time cards/sheets that indicate the actual time worked on each OES project and account for all the time worked by the employee during the pay period. Time cards/sheets must be signed by the employee and contain the

³⁷ Section 11331: This section has deleted language that previously allowed local units of government to follow their own approved time keeping policy.

signed approval of the supervisor (OES 113, Appendix 10, Sample Functional Time Sheet, for a sample time sheet). An allocation plan may be used to allocate salaries and benefits for individuals who work on more than one program or grant (see Section 2173).

11332 Personnel payroll files should include the following:

- a. W-2, W-4;
- b. Personnel action forms (i.e., approved pay rates by the board of directors or appropriate personnel agency, promotions, terminations, etc.);
- c. Cumulative earnings records;
- d. Leave records;
- e. Employee authorized deduction forms (i.e., health insurance); and
- f. Paid invoices submitted by employees for reimbursement of benefit expenses.

11340 Personnel Files

Personnel files should include the following:

- a. Application forms;
- b. Resumes;
- c. Job descriptions;
- d. Performance evaluations; and
- e. Appointment documents which include approved salary rates, benefits, and other terms of employment. Salary rates, increases and benefits must be approved by the governing board or applicable personnel agency.

11350 Equipment³⁸

Equipment must be:

- a. Located on the project's premises or identified in a locator file that specifically identifies the location of the equipment or the individual assigned to it;
- b. Recorded on an inventory list, identifying items purchased with OES funds (see Section 2350);
- c. Used in accordance with the Grant Award; and
- d. Funded projects must retain contract records for the purchase of equipment.

11400 ORGANIZATION POLICIES AND PROCEDURES

The organization must have written policies and procedures covering hiring, termination, conflict of interest, benefits, salary rates, leave, travel, etc. There should also be written procedures regarding the accounting and reporting functions, including, but not limited to the following:

³⁸ Section 11350: OES Property Stickers are no longer required.

- a. Cash receipts and revenue;
- b. Deposits;
- c. Cash disbursements;
- d. Payroll;
- e. General Ledger; and
- f. Equipment.

In addition, any other policies and procedures (e.g., purchasing contracts) that relate to operating the project should be in writing.

11500 COMMUNICATIONS

Projects must maintain a current telephone number and internet access with an e-mail address (see Section 2340.1), as well as a current postal address and physical location within the State of California.

12000 WITHHOLDING, DISALLOWANCE, REDUCTION, TERMINATION AND/OR DENIAL OF GRANT FUNDS

12100 WITHHOLDING OR DISALLOWANCE OF GRANT FUNDS

OES may withhold grant funds and/or disallow expenditures anytime the project fails to comply with any term or condition of the Grant Award. This may include, but is not limited to the following:

- a. Failure to submit the required progress reports in a timely manner;
- b. Failure to submit the final reports from previous projects in a timely manner;
- c. Failure to resolve interim or final audit exceptions on past or current grants in a timely manner;
- d. Inadequate maintenance of accounting records;
- e. Failure to submit proof of bond coverage in a timely manner;
- f. Failure to cooperate with or admit OES staff or representatives (e.g., audit team) to review program and/or fiscal records; and/or
- g. Failure to pay costs disallowed by OES according to payment terms agreed to by the Recipient and in a timely manner.

12200 REDUCTION OR TERMINATION OF GRANT FUNDS

OES may reduce or terminate grant funds for reasons that may include, but not limited to the following:

- a. If the project fails to comply with any term or condition of the Grant Award; and/or,
- b. If during the term of the Grant Award, the state and/or federal funds appropriated for the purposes of the Grant Award are reduced or eliminated by the California Legislature or by the United States Government, or, in the event revenues are not collected at the level appropriated, OES may immediately terminate or reduce the Grant Award.

Should OES deem it necessary to reduce or terminate grant funds, the Recipient shall be notified by written notice. No such termination or reduction shall apply to allowable costs already incurred by the Recipient to the extent that state or federal funds are available for payment of such costs.

12300 DENIAL OF FUTURE FUNDING

Projects that have been previously funded by OES will be reviewed for past performance in accordance with the Summary of OES' Past Performance Policy (Appendix 27). Failure to comply with any term or condition of a Grant Award may result in the denial of future Grant Awards to any project, its officers, and assigns.

13000 CLOSEOUT

The closeout of a grant is the process by which a grant or agency determines that all applicable administrative actions and all required work of the grant have been completed by the Recipient and the grantor.

13100 DISPOSITION OF PROPERTY (This Section Deleted)³⁹

13200 FINAL PROGRESS REPORT

The final progress report covers the last reporting period of the Grant Award period.

The report is due to OES no later than 30 calendar days after the conclusion of the Grant Award period. Final payment on the grant will not be made until the progress report has been submitted (see Section 10130).

13300 INTERNAL ASSESSMENT/FINAL EVALUATION REPORT

If required by the terms of the program, the report is due to OES no later than 30 calendar days after the conclusion of the Grant Award period. Submit two copies of the report to the OES. Final payment on the grant may be withheld until the report has been submitted (see Section 10130).

13400 FINAL REQUEST FOR REIMBURSEMENT

All expenses must have been encumbered prior to the Grant Award end date. The only “unpaid obligation” that may be listed is the audit expense (see Section 8153).

Be sure that the box marked “final” is checked on the Report of Expenditures and Request for Funds (OES 201, Appendix 9 and Section 6330).

13500 RETENTION OF RECORDS

All records relating to the grant shall be retained in accordance with Section 11200.

13600 AUDITS CLOSEOUT

Audits must be completed and submitted in accordance with Section 8120.

³⁹ Section 13100: This section previously contained language regarding the disposition of property. See Section 2300 for new policy regarding equipment.

TERM	DEFINITION
Activity	The specific steps or actions that a project takes to achieve a measurable objective.
Administrative Agency or Recipient	The agency or organization designated on the Grant Award Face Sheet who is the programmatic Recipient of the grant funds and will accomplish the planned objectives and program goals (e.g., County of Alameda, City of Fresno, State Department of Justice, Fairfield Youth Services Bureau). The Recipient was formerly referred to as the "Grantee".
Application	Once selected for funding, the original proposal plus any additional forms as required by OES becomes the application. This application, once signed by OES and the local government agency or organization authorized to accept grant funding, becomes the Grant Award/Grant Award Agreement.
CFR	Code of Federal Regulations
Community-based Organization (CBO)	A nonprofit, public benefit corporation.
Competitive Bid	A contract process used when all suppliers are equally or nearly equally qualified to provide the services.
Equal Employment Opportunity Plan (EEOP)	A comprehensive plan that analyzes the agency's workforce and all agency employment practices to determine their impact on the basis of ethnicity and gender.
EEOP Guidelines	Extensive description of state and federal civil rights requirements and what constitutes an EEOP (samples, forms, etc.). The document was prepared to assist Recipients in ensuring nondiscrimination and in the development, implementation, and/or improvement of their EEOP for compliance with the law.
Grant Award Agreement	The signed final agreement (application) between OES and the local government agency or organization authorized to accept grant funding. (See Application.)
Grant Funding Cycle	The number of years a program may be funded without competition. A funding cycle is typically three years.
Grant Funding Period	The period of time, determined by the Request for Proposal (RFP) or the Request for Application (RFA), which the project narrative, objectives, activities, and budget cover. The time period is usually one year, and is shown on the Grant Award Face Sheet (OES A301 Appendix 1).

TERM	DEFINITION
Implementing Agency	The agency or organization designated on the Grant Award Face Sheet that is responsible for the day-to-day operation of the project (e.g., probation department, district attorney, sheriff).
Monitoring Report Response Form	Form sent to the Recipient with the Monitoring report. The form is completed by the Recipient and returned to the OES Monitoring and Audit Branch indicating the Monitoring Report is accurate or inaccurate as of the date of the Monitoring.
Noncompetitive Bid (NB)	A contract for goods or services, where only a single source that can provide the services or goods is afforded the opportunity to offer a price for the specified services or goods. (Contracts sometimes include goods as well as services, and this definition will also apply to those circumstances.)
Nonprofit Organization	A nonprofit, public benefit corporation as described in Section 501(c)(3) of the Internal Revenue Service Code. The term is used synonymously with community-based organization.
Objectives	A set of quantifiable projections to be carried out in order to accomplish the program goals.
Operational Agreement (OA)	A formal agreement between two agencies, which specifies the responsibilities of each agency in implementing the project. The term Operational Agreement also includes documents entitled Memorandum of Understanding, Letters of Intent, or other titles, but which serve the same purpose.
Participating Agency	An organization that receives grant funds through an Operational Agreement to participate in achieving the goals of a project. The participating agency must be a unit of government or a community-based organization.
Participating Staff ⁴⁰	A salaried employee of a Participating Agency
Program	A specific set of goals and objectives established pursuant to legislative, congressional, or administrative action identifying an unmet need of the criminal justice system or victim services and supported by a set appropriation from state or federal funding sources.
Project ⁴¹	The implementation of a Program by a Recipient. The project includes all of the grants implemented by the Recipient under that Program regardless of the year of implementation.
Proposal	The packet of forms and narrative as requested by the RFP and submitted to OES that specified the priorities, strategies, and objectives of the applicant.

⁴⁰ Section 14000: This section now includes a definition for the term "Participating Staff".

⁴¹ Section 14000: This section now includes a definition for the term "Project".

TERM	DEFINITION
Recipient Handbook	This handbook outlines the terms and conditions required of grant projects. Funded projects must administer their grants in accordance with these administrative and fiscal conditions. The <i>Recipient Handbook</i> is accessible on the internet website at www.oes.ca.gov . Applicant can select "Recipient Handbook and Forms", <i>Recipient Handbook</i> ." The <i>Recipient Handbook</i> was previously called the "Grantee Handbook".
Request for Application (RFA)	The RFA is a noncompetitive process issued by OES to obtain applications from applicants previously selected for funding.
Request for Proposal (RFP)	The Request for Proposals is issued by OES to solicit competitive proposals in order to select projects for funding.
Single Source	This term has been replaced by the term "noncompetitive bid".
Sole Source	This term has been replaced by the term "noncompetitive bid".
Source Documentation	Records that validate project activities and achievements as they pertain to the objectives outlined in the Grant Award Agreement.
Supplanting	To reduce federal, state, or local funds because of the existence of OES funds. Supplanting occurs when a Recipient deliberately replaces its non-OES funds with OES funds, thereby reducing the total amount available for the stated purpose.
USC	United States Code

